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ABSTRACT

A project studied two of the six employment-related key competencies identified by the Australian Finn Review and the Mayer Committee--communications and math--in relation to small businesses. Background reading covered needs of small business and the work of key competency studies and projects, both in Australia and overseas. Project observations supported the view that small business was not simply a small version of big business. The Mayer framework of key competencies was found to work, but the result was fairly superficial and simplistic. The TAFE (Technical and Further Education) National Communication Modules framework offered a means of distinguishing between competencies that depend mostly on spoken language skills and those which depend heavily on literacy skills. Small business owners felt a simple key competency framework might be useful to small businesses in selecting new employees. Investigation of the communications and math competencies needed to comply with work-related legislation indicated the levels required to understand and act appropriately were high. The study found some small business managers functioned with much lower levels. Two broad approaches were recommended to reduce this perceived skills gap: training and servicing. Both approaches seemed to be needed. Recommendations were made for vocational education and training, small business management and training, and state-sponsored small business corporations and centers. (A 93-item bibliography and list of consultations are appended.) (YLB)

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Key competencies in small business

MERYL THOMPSON

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Key competencies in small business

MERYL THOMPSON

Focus on communications and maths

NCVER

Adelaide 1992

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Chapter 1: Introduction

Why key competencies?

It is hard to imagine any serious discussion of education and training today that does not focus, sooner or later, on the question of competency. But what began as an industry-based movement is now seen by many as the necessary direction for education, especially when we are considering the final two years of secondary education. A common understanding about competency and competencies seems essential if we are to bridge the gap between school and work.

Generally speaking, the analysis and description of competencies has been proceeding on two main fronts. On the one hand, particular industry groups and, in some cases, individual industries, are developing their own vocationally-oriented competency standards. This is taking place under the direction of competency standards bodies accredited by the National Training Board. As a result we have competency standards for the wine industry, the automotive and electrical industries, and so on. It is *this* front which is linked to the award restructuring process.

On the other hand, there is a strong move to identify the general or key competencies which underpin all the specific competencies. This is particularly important if we are to develop *the big picture*. Key competencies are seen as the link between the general education system and the vocational training system—the glue between the schools and the workplace. But there is more to key competencies than this alone. There is also, and obviously, a link between key competencies and skills transfer and, consequently, with the idea of multi-skilling.

The projects to develop competency standards for small business management and office skills are obviously not industry-specific because they cut across industry sectors. They are probably best described as a sub-set of the key competencies area. In the case of office skills, the competencies identified come much closer to the idea of broadly identified, transferable competencies, while the small business management competencies are working on the transferable skills of management, with no specific vocational orientation.

This report, *Key competencies in small business* belongs in the second category of competency projects. It is a study of two of the six employment-related key competencies identified by the Finn Review and the Mayer Committee, namely, communications and maths. In some ways it can be seen as a commentary on the general assumption that key competencies *do* exist and that they can be identified and described, and that they apply across the board, to all kinds of employment and in all kinds of industries.

There is, however, another and perhaps, more fundamental reason for focussing on communications and maths. Because they are embedded in almost all other general and specific competencies, their importance may be underestimated. One result of this, and it is not a new problem, is that curriculum developers and vocational trainers often overlook the role of communications, literacy and maths, and rarely accept any direct

responsibility for developing these competencies. If this problem is to be addressed, then the relationship between key competencies and specific competencies will have to be better understood.

Why small business?

The decision to focus on small business was made for several reasons. In the first place, it seemed that earlier work on key competencies (and, indeed, the whole general thrust of competency standards) had been based on the premise of big business, big industry, big unions and big education. While this pre-occupation is only to be expected, both historically and in the light of current economic conditions, it reinforces certain fundamental cultural assumptions about what work is, and what skills are needed on the job. A small business focus would, it seemed, provide an opportunity for some reality testing, especially if it incorporated some case study work.

Focussing on small business also provided an opportunity to look at communications and maths in a number of different industries, including the rapidly expanding service area. It also opens the area of casual and part-time employment. This has always been a reality in small business, in certain kinds of industries and for certain kinds of workers (especially women), but it is becoming the reality for an increasing proportion of the workforce, including school leavers.

On a purely practical level, it seemed also that focussing on small business would provide a degree of control over the size of the research. This soon proved to be a false hope. Small business is, after all, not a single uniform sector: it is not even blessed with a single definition that everyone agrees with. Small businesses may have certain characteristics in common, but they differ enormously according to their size, the type of industry they are engaged in, their location, and so on. Faced with this variability, the project sometimes resembled the Mark Twain character who got on his horse and rode off in all directions. But that, in itself, provided a useful warning about making generalisations.

Finally, small business provided an opportunity to focus on an aspect of competency not normally at the forefront of discussion, i.e. the skills and knowledge needed to handle work-related tasks which are generated and imposed from sources *outside* the job and *outside* the workplace. Small business owners are particularly concerned about the growing number of government regulations affecting business and work-life generally. While this primarily involves the owner/managers, employees also contribute to the overall process. It was therefore decided to pay particular attention to this aspect of small business life.

The aims of the project

Focussing on key competencies *and* small business in this way raised the following questions:

- Do the key competencies proposed by Finn and Mayer apply to small businesses as well as to big businesses and do they apply equally to different kinds of small businesses in different kinds of industries?
- Does it make sense to talk about *standards* and *levels* in small businesses?
- Do outside bodies impose tasks on employers and employees which require competencies which are different from those required by the job itself?

If so, whose responsibility is it to develop these special competencies and the skill levels involved?

- Do current training arrangements meet the communications and maths needs of small businesses, especially entry level needs?
- Is it possible to deal with the skills gap in small businesses by training alone, or are other measures required?

It was never expected that the project would provide the last word on these questions but, rather, that it would provoke discussion. With this general caution in mind, the aims were set as follows:

- To identify the communications and maths competencies needed by managers and employees in the day-to-day operation of small businesses.
- To identify the communications and maths competencies needed by managers and employees in small businesses to meet legal requirements, particularly in the areas of taxation, occupational health and safety, trades practices and industrial law.
- To compare the findings with the work of related projects.
- To identify the training needs of the profiled businesses (i.e. language/communications and maths/numeracy needs) and advise on ways to meet these needs.

Who the project is for

The project has implications for a number of organisations, in particular:

- *the school sector*, especially those involved in policy making and curriculum development at the senior secondary level;
- *the tertiary education sector*, especially those involved in vocational and small business training;
- *government departments and offices* imposing compliance requirements on business and the workplace;
- *competency standards bodies* standards bodies developing or reviewing specific sets of competency standards.

Other groups who will have an interest in the report are:

- *curriculum developers* specialising in the communications and maths needs of particular groups, e.g. the Adult Migrant Education Program, Aboriginal Education, the Workplace Language and Literacy Program, and community literacy providers.

How the research was conducted

Data was gathered from the following sources:

Other research and other projects

The background reading covered the main areas of the study, i.e. the needs of small business and the work of key competency studies and projects, both in Australia and overseas. (The background reading is summarised in the next chapter and the actual sources are listed in the Bibliography.)

NOTE: The information in this project was correct as of 9 September 1992. NCVER is aware, however, that a number of other projects in the field have yet to be finalised (e.g. the National Communication Skills Project, and the work of the Mayer Committee). Inevitably, some of the information included here will be affected by the completion of these projects, and by other developments.

Relevant bodies from the small business environment

Small businesses are part of, and interact with, a wider socio-economic and business environment (see Figure 1A). Interviews were arranged with representatives of the various groups to canvas views and gather information. This included a number of telephone interviews with interstate representatives.

Case studies

Ten small businesses were selected for on-site analysis. These were chosen to represent the main employment sectors, especially those areas where employment is expected either to remain stable or to increase in the future (see Figure 1B).

Validation

Since this was a national project covering a number of issues, relating both to businesses and the role of external bodies (including support agencies, government departments and education and training providers), validation was considered an important part of the research process. Twenty-two representatives of different organisations in all mainland States were therefore asked to comment on the draft report and their responses were considered before the final report was released.

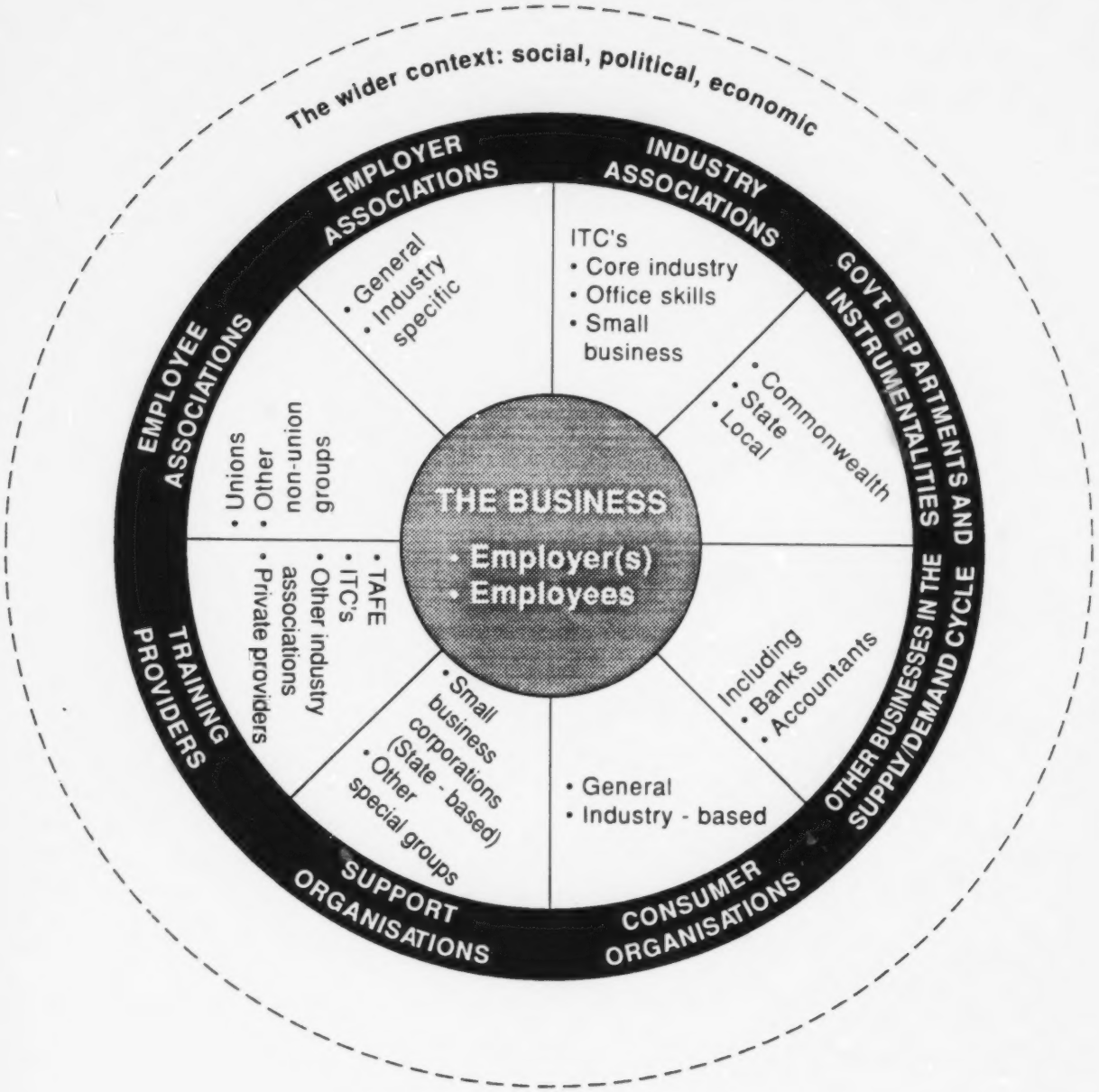
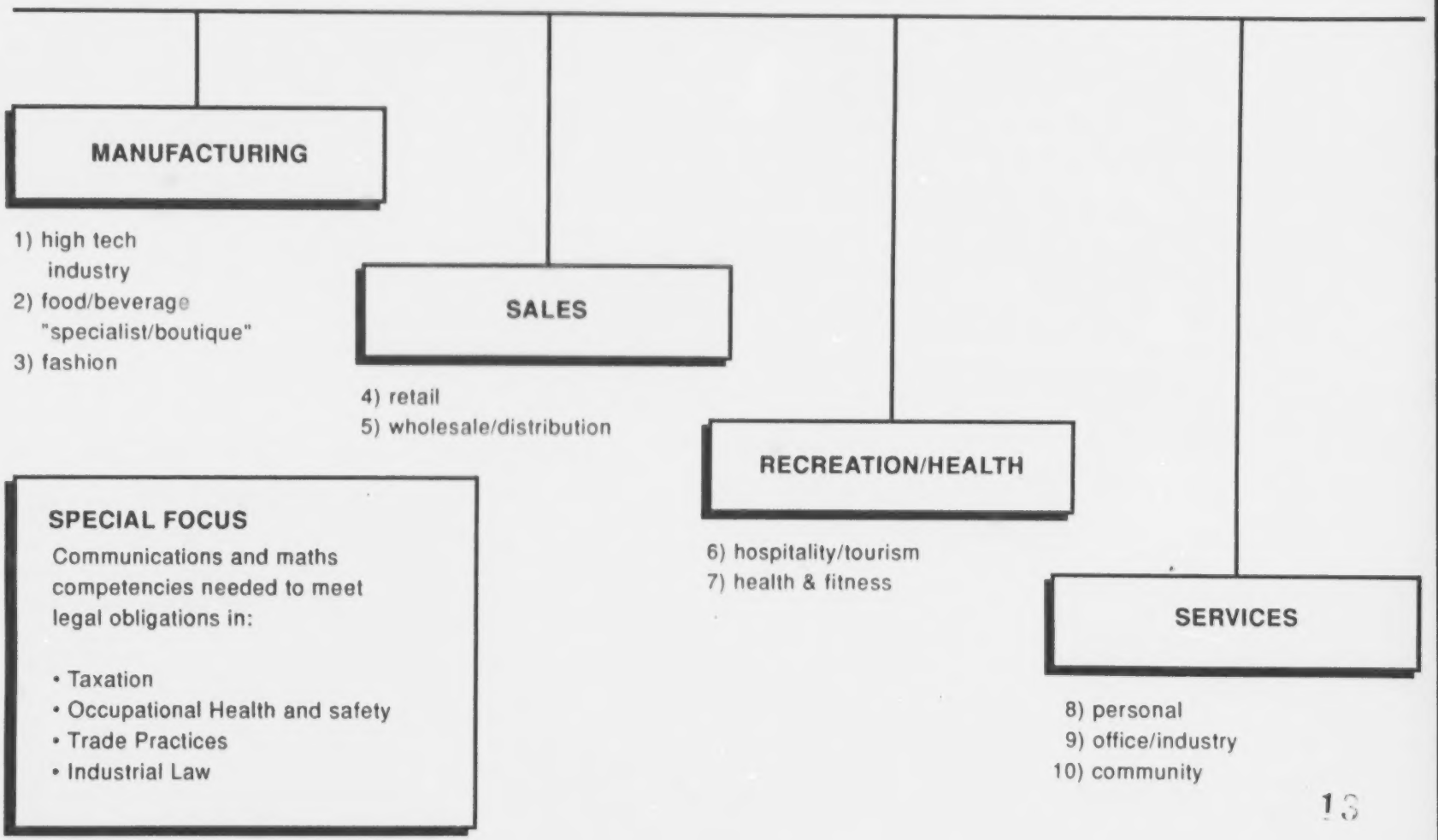


Figure 1A: The small business environment

FIGURE 1B: COMMUNICATIONS AND MATHS COMPETENCIES FOR SMALL BUSINESS



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Chapter 2: A review of other projects and research

Key competencies

Related studies

As we noted in the Introduction, key competencies are increasingly being seen as the link between education and training, and between school and the workplace. In the words of the recent Minister for Employment, Education and Training (Kim Beazley):

> *In the next century, there will ... be a total breakdown of the tradition that has tended to separate general and vocational education.*
>
> (The *Australian* 2 June 1992, p.7)

This is by no means an isolated view. According to Dr. Herman Schmidt of the Federal Institute for Vocational Training in Germany, general and vocational education are also merging in Germany, rather than developing in different directions. General competencies such as the ability to participate in teams, the ability to communicate, and the ability to access technical systems and use different methods for planning and control are now seen as the key qualifications employers are asking for. Just how these general competencies might best be incorporated into vocational training, however, remains a challenge. (NTB Network, No. 3 1992, p.9)

The pressure to make school more relevant to work has been mounting for some time. Before looking more closely at the Finn Review, the work of the Mayer Committee and the Carmichael Report, it is worth taking a brief look at some of the studies (both overseas and in Australia) which have preceded them.

USA

In the USA, the American Society for Training and Development and the US Department of Labor undertook a two-year joint research project to determine 'Workplace basics.' The study identified seven broad areas of skills - 'The skills employers want'. (See Carnavale et al. 1988):

- basic skills (reading, writing, computation)
- study and learning skills
- communication skills (listening and oral communication)
- cognitive skills (problem-solving and creative thinking)
- personal management (self-esteem, goal-setting, and personal and career management)
- group effectiveness (interpersonal skills, team-work, negotiation)

Against this background, SCANS (The Secretary's Commission on Achieving Necessary Skills, US Department of Labor 1992) identified five work-ready competencies broadly labelled as 'resources', 'interpersonal', 'information', 'systems' and 'technology'. These competencies would be developed on the three-part foundation of *basic skills, thinking skills and personal qualities.*

Britain

In Britain, the NCVQ based their six core skills units on research undertaken by the Confederation of British Industry (1989) which had produced the following list:

- values and integrity
- effective communication
- applications of numeracy
- applications of technology
- understanding the world of work
- personal and interpersonal skills
- problem-solving
- positive attitude to change

The core skills units which resulted are: Communications; Improving One's Own Learning and Performance; Application of Number; Information Technology; Problem-solving; Working with Others, and Competence in Modern Languages (Oates, 1992).

Australia

Peter Long's (1989) survey of Australian employers uncovered very similar requirements. He lists, in order of importance to employers:

- literacy - reading and writing
- sense of responsibility
- communication skills
- specific technical (job-related) skills
- interpersonal skills
- numeracy
- maturity

In its submission to The House of Representatives' Inquiry into Literacy Needs in the Workforce, the ACTU (1990) also refers to seven new competencies required by the modern workplace - in addition to technical skills and normal 'basic' skills:

- initiative
- co-operation and working in groups
- communication and reasoning
- peer training
- obtaining and using information and planning
- problem-solving and decision-making
- capacity to learn new knowledge

The 1988 study by Beare and Millikan (*Skilling the Australian community: futures for public education*) also recognised that changes to schools were inevitable. The new world of work required higher levels of general education and a different view of skills development, i.e. away from high levels of specialisation to multi-skilling and *generic skills*.

The Beare and Millikan study has two features which makes it particularly pertinent in the current climate (i.e. of Finn/Mayer/Carmichael). Firstly, they canvassed the views of six *user groups* of public education: business and industry (including unions); the public sector, higher education, adult learners, parents and students. Secondly, in summarising the views of these groups, they distinguished between cognitive skills and affective/attitudinal skills. They found that the user groups had moved some distance from the traditional view of education as facts to be learned, and were now seeing curriculum in terms of skills to be developed. They also found that business and industry, parents and 'citizens' were now as much concerned about attitudes, team-work, behaviour and communication skills as they were about factual

knowledge and they were worried about the relevance of the knowledge now packaged into the school curriculum. By contrast, the higher education sector emphasised information skills (acquiring, accessing, recording, analysing and conveying information), and logical processes and clear thinking. (Team skills, practical tasks skills and technical literacy were also included in the higher education list.)

The National Center for Research in Vocational Education (Berkley, California) has also distinguished two broad categories of generic skills which related to competency to perform a task: *basic or enabling skills* (reading, simple maths and life skills such as reading a schedule or filling in a form), and *complex reasoning skills*. In addition, the research team has also considered affective/attitudinal factors (the motivation style or dispositions that influence task performance). (NCRVE Change Agent, 1992, reproduced in the *Australian Training Review*, No. 2, 1992)

Finn and Mayer

As the reports above indicate, the recent Australian Government reviews of post-compulsory education (Finn, Mayer and Carmichael) are part of a general trend in Western education. The 1991 Australian Education Council Review Committee (The Finn Review) began the process by proposing six key areas of employment-related competencies which it considered to be essential, regardless of the vocational/educational destination, and regardless of whether the young person was in a school or a training environment. The six areas were:

- language and communication
- mathematics
- scientific and technological understanding
- cultural understanding
- problem-solving
- personal and interpersonal

Despite the focus on schools and young people, the Finn Review has emphasised that the development of key competencies is equally important for adult education and training, whether it be community-based, TAFE-based or industry based. As the report has noted, some 70% of the year 2000 workforce is already beyond the years of post-compulsory education and training, and action to improve the skills and qualifications of adults is at least as important as efforts to improve the education and training of youth. Finn went on to recommend that VEETAC should consider how these key competencies might be incorporated into the vocational education and training of adults.

The Mayer committee was set up in response to another of Finn's recommendations—i.e. that work should be carried out to establish a standards framework composed of profiles of the key competencies and a range of levels of performance. Finn's six key areas were retained, but they were expanded into a second dimension in order to 'focus on the capacity to apply knowledge and skills in an integrated way in work situations' (Mayer Committee, May 1992, p. 8). A third dimension was added by incorporating Australian Standards Framework (ASF) levels as currently used by the National Training Board, though the Mayer Committee has proposed using only the first three of the eight NTB levels.

The resulting key competency framework is thus three-dimensional—six key areas x seven strands x three levels (see diagram next page). On this

basis, it is presumably possible to talk about competencies in the following way:

A person operating at Level 1, Language and Communications in the strand 'Collecting, analysing and organising ideas and information' will be able to use language and communication skills and knowledge to access and record pieces of information from a single source. At Level 3, however, the person will be able to use language and communications skills to evaluate and organise information from a range of sources. Similarly, a person at Level 2, using 'Mathematical ideas and techniques in problem solving', would be solving routine problems without supervision, and solving explanatory problems with some guidance.

Without doubt, the Mayer competency framework is 'neat', but implementation is another thing altogether. If it is adopted in some form, people who are trained in its use and who use it frequently will, no doubt, become quite adept at it. Whether it will be understood by industry and employers and whether it will overcome teachers' fears of lower standards is yet to be seen. And how it is to be used and for what purposes, are questions which have yet to be asked.

Key Competency Strand / Key Area	Language and communication	Using mathematics	Scientific and technological understanding	Cultural understanding	Problem solving	Personal and interpersonal
Collecting analysing and organising ideas and information	★★★	★	★	★★	★★	★★
Expressing ideas and information	★★★	★	★	★★	★★	★★
Planning and organising activities	★★	★	★	★★	★★	★★★
Working with others and in teams	★★	★	★	★★	★★	★★★
Using mathematical ideas and techniques	★★	★★★	★	★★	★★	★★
Solving problems	★★	★	★	★★	★★★	★★
Using technology	★★	★	★★★	★★	★★	★★

★★★ The strand is based on application of knowledge, skills and understanding drawn from the Key Area.
★★ The strand also involves application of knowledge, skills and understanding drawn from the Key Area
★ Depending on the context, the strand may involve application of knowledge, skills and understanding of the Key Area

* *The Mayer Committee. Employment-related key competencies: A proposal for consultation. p.10.*

NOTE: The final report of the Mayer Committee was not available at the time of writing (NCVER).

The Carmichael report

As the third of the trilogy of reports connecting education and work, the Employment and Skills Formation Council 1992 (Carmichael) Report, re-asserts the role of training in industry re-structuring and, ultimately, in the survival of the Australian industrial base. The Carmichael report recognises that Australia can only compete with countries which have an abundance of cheap, unskilled labour by becoming more efficient. This, the ESFC says, can only happen through skills development in flexible, structured training programs.

The link between job-specific training and general competencies is also made explicit. Narrow vocational preparation of young people will be replaced by new arrangements which combine development of key or generic competencies (which equip people for life-long learning and adaptability) with competency-based vocational education. By developing the relevant employment-related key competencies, and by providing more vocational education options (through local networking) school-based education will become part of an integrated system which allows skills to be developed and recognised across education and training systems and across different industries. The Carmichael report also refers to the need to develop national core curriculum for adult learners in the reading, writing and speaking of English.

The message of Finn, Mayer and Carmichael has not been lost on adult education providers. If the development of communication skills, literacy and maths underpins the development of all other competencies, then adults are just as much affected by these new demands as school leavers. A number of concurrent projects indicate the level of concern in the adult education sector.

The TAFE National Communication Skills Project

As an ACTC (and later an ACTRAC) curriculum project, the purpose of the TAFE National Communication Skills Project was quite clear from the beginning: to develop a set of modules based on generic communications competencies which could then be adapted to any workplace context and, hence, made specific. By the end of August 1992, the project had developed 17 modules. Although there is no hard and fast hierarchy in the modules, the project has suggested a number of 'possible pathways for skills development', and the entry competencies for each module strongly indicate a progressive approach.

There is considerable cross-linking between the competencies in the National Communication Skills Project and those in the Mayer framework. In fact, most of the Modules could be subsumed under three Mayer strands. Strands 1 and 2 ('Collecting, analysing and organising ideas and information', and 'expressing ideas and information') will obviously include such areas as workplace communication, presenting information, letters and memos, graphic communication, writing in plain English, and presenting reports. Strand 4 ('Working with others and in teams') covers areas such as work-team communication, team building, dealing with conflict, negotiation skills and client interaction. Perhaps the major difference in the approach to communications is in the range of levels. The TAFE modules extend into Level 4 of the Australian Standards Framework, and even beyond this, with modules that involve supervision and management-level tasks and skills, where the Mayer framework covers three levels only. (National Communication modules, draft version: October 1991.) The National Communication Skills Project team is confident that the communications modules are acceptable, useful

and relevant to the workplace. In fact, they report a better take-up rate in industry than in TAFE itself (personal communication).

The Victorian Adult Basic Education Project

The Finn, Mayer and Carmichael reports are aimed at breaking down the dichotomy between school and work by concentrating, first and foremost, on the skills needed for employment. By contrast, the Victorian 'Adult Basic Education Accreditation Framework Project Vols 1-3' (State Training Board and Department of Further Education, Victoria, 1992), has presented a more global view of competencies covering far more than the workplace or, even, training for the workplace. The project has not attempted to cover the whole field of key or generic competencies but has concentrated on two areas—literacy and numeracy.

As far as literacy is concerned, the project (vol. 1, p. 7) argues that literacy is not 'a monolithic undifferentiated whole', but rather four literacies (literacy for self-expression, literacy for practical purposes, literacy for knowledge, and literacy for public debate), which together make up 'comprehensive literacy'. These four literacies are 'fundamental to the development of the versatile and critical competence needed for active participation in family, community and civic life, the workplace and commercial life, education and government institutions'. While the four literacies are distinguished from each other for the purposes of the project, they are not autonomous compartments that exist separate from each other". The actual competencies are described in 4 levels, with entry competencies for level 1, and exit competencies for each level. (vol 2: 'Draft competency statements for adult reading and writing'.)

The mathematics competencies (vol 2: 'Draft competency statements for adult mathematics') are also developed against a background of personal, domestic, public and work domains. They deal with measurement, space, number, data, algebra, and specialist (special needs) maths, also across four levels.

Because of its 'whole person' approach to the development of competencies, the Victorian framework is much more likely to gain support among teachers, whether in senior secondary or adult education, and may even be more intuitively appealing to employers. This is not to say that the Mayer framework excludes the possibility of developing non-related work competencies, but rather that the ABE project has chosen to foreground the global picture and, in the process, to let the work-related skills find their natural place in the larger scheme of things.

The Generic Skills Accreditation Framework (ACTRAC)

As this NCVER project was nearing completion, discussions were underway to develop a generic skills accreditation framework of key competencies in English language, literacy and numeracy for adults. It was expected that this framework would draw on projects already underway or completed (e.g. the Victorian Adult Basic Education Project and the NSW Adult Migrant Education Learner Pathways Project), and that it would 'reflect industry requirements insofar as they are described in industry competency standards'. (Coates, 1992.)

Small business

The extent of small business

Small business frequently complains that it is the forgotten sector in the economy, despite the fact that it generates a great deal of the wealth and the employment of the nation.

The definition of small business is, itself, a problem. How small is small, and when does it become big? Before 1990, small businesses were generally determined on size alone (i.e. having less than 20 employees). Using this criteria, some 84% of all enterprises Australia-wide could be classed as small businesses.

This definition was discarded by The House of Representatives Standing Committee on Industry, Science and Technology, (Beddall Report, 1990). The Committee decided that the key feature of a small business was its management structure; ie. that it is:

- . . . independently owned and managed
- . . . closely controlled by owner/managers who also contribute most, if not all, of the operating capital
- (with) the principal decision making functions resting with the owner/managers (p.xiii)

The Beddall Report also opted for a new statistical definition, depending on whether the business was a manufacturing or non-manufacturing industry, i.e.

- less than 20 for non-manufacturing industries, and
- less than 100 for manufacturing industries.

This position has now been adopted by the Australian Bureau of Statistics (Castles, 1990). Using the expanded definition, The ABS calculates that 96.3% of all Australian enterprises can be classed as small businesses, and that these businesses account for 47.7% of all employment in the private sector (based on 1989-90 figures).

Further to this, the Bureau of Industry Economics (1992) noted that 70% of all small business employees are employed in firms of less than 20. The Employment Skills Formation Council has also pointed out that apprentices are over-represented in small businesses and under-represented in large businesses. Under the Australian Traineeship system, firms with less than ten employees also take on twice as many trainees as would be expected on the basis of the overall concentration of employment in firms of that size (NBEET, 1990).

The neglected sector

With such an investment in human and financial capital, the feeling of neglect may well be justified. The neglect is virtually systemic. The ESFC (1990) complained that Industry Training Advisory Bodies (ITABs) had shown no concern for small business and had had limited involvement with them, even though small business had shown their desire for contact. A quick scan of the committees responsible for the recent government reviews (Finn, Mayer, Carmichael) re-enforces the view that 'The Training Club' is made up of big business, big education and big unions.

The neglect of small business goes far beyond competency debate. The 1992 DEET report, 'Australia's Workforce in the Year 2001' analysed the *kinds* of industries with good prospects and those with poor prospects, and then looked at the prospects for disadvantaged groups (teenagers, Aboriginals, migrants). It did not, however, cross-link this with the *size* of the business. Nevertheless, the inferences are not hard to draw. In 1990, for example, 36.7% of teenagers were employed in the retail trade, the largest sub-group of small employers. In a *Business Review Weekly* article, 'Where will the new jobs come from?' (17 April, 1992), Rowbotham also failed to note the connection between the new growth

areas and small business. Yet the predicted growth areas (retail sales, residential construction, tourism and hospitality, and personal and household service) are all predominantly *small* business areas, while the no-growth predicted area (manufacturing) is predominantly *big* business. Non-English speaking background migrants (NESB) are also over-represented among small business although the proportion varies considerably between ethnic groups. In NSW, for examples, where 11% of all males were self-employed, 10.9% of Australian-born males and 9.9% of UK born males were self-employed, compared with 18.7% of Greek-born males, 22.3% of Korean-born, 16.9% Italian-born, 17.8% Lebanese-born, 16.5% Hungarian-born, and so on (Castles and Collins, 1989). No figures were given for the Indo-Chinese population.

Castles and Collins rejected the idea that NESB migrants were inherently more suited to small business, or more interested in it. Rather, small enterprise is often 'a response to blocked mobility' even 'a strategy of desperation in response to a lack of alternative opportunities.' The problem is exacerbated by the award re-structuring process, where the most disadvantaged workers are the most likely to be made redundant.

This is not only true for migrants. Women, who now account for 32% of all small business proprietors, often give the same reasons for striking out alone (Scutt, 1992). The Small Business Training Centre at Adelaide College of TAFE has also noted a change in the types of applicants over the past three or four years, with an increase in applicants with lower basic skills levels, and an increase in the number of people investing redundancy and superannuation payouts in small businesses (personal communication).

Special training centres aside, the neglect of small business is widespread in the training system although, as the ESFC has pointed out, there is no suggestion that the *need* for training is less in smaller organisations. Nevertheless in NBEET's view, the training system itself is better designed to meet the needs of larger enterprises, while the type of training offered by TAFE and higher education is much more relevant to the needs of larger organisations (NBEET, 1990). Workplace language and literacy programs are a typical example of this problem: small business simply does not have the resources or the flexibility to release workers for classes during work hours, though this is usually a condition of the training arrangement.

In its report 'Small business training', the Bureau of Industry Economics (1991) also found training to be a major issue for small business, both for the employees and for the owner/managers, although the link between training and productivity is just as valid for small business as for big business. The bureau's own survey produced 'no grounds for confidence' that informal training could make up for the lack of formal training, and further argued that the lack of employee training in small business had important social justice implications. For all this, small business managers were generally 'indifferent' to training; a large proportion had never undertaken management training and the situation had not changed in the 20 years since the Wiltshire report had described it as a serious concern.

It would seem, then, that the indifference is on all sides. 'The Training Club' continues to make pronouncements and decisions which ignore the realities of small business, and the unions stand idly by because they

have little to gain from a change of heart in small business. Small business proprietors, by inclination as much as necessity, continue to 'go it alone', starting out without management training and continuing in the same way, insisting that training is better done on-the-job anyway.

In such a climate, there is little reason to believe that the key competencies debate will be perceived by small business as somehow more relevant than any other aspect of the training agenda. But unless efforts are made to ensure that it *is* relevant to small business, we may well end up with a new vocational training system designed for only half the workforce, and in which the great majority of employers have no stake.

Needs vs. functions

This is not to suggest that there is a simple solution to the problem of involving small business in the national skills debate. Meredith (1984) warned of the dangers of thinking about the small business sector as a single entity. He found that most studies of small business focused on the *functional* areas of management (finance, technology, legislation and education and training) and then assumed that these were also the *needs* of small business. There were, however, significant differences in the needs of different kinds of industries, for example, manufacturing, retail and service. Needs also varied according to size, and providing one set of services to meet the needs of all small businesses from 1-100 people was likely to meet with failure. Similarly, needs varied according to the different stages of development—establishment, growth and maturity. Meredith also identified seven crises in small business, with different needs at each point (start-up, cash, delegation, leadership, finance, prosperity and succession).

Beyond this, there are also special needs associated with special groups—i.e. the needs of small business in isolated communities, of businesses managed by women, of co-operatives, of high tech. enterprises, of growth businesses with specific problems, and of small businesses owned and controlled by non-English speaking background migrants. Silver, Ryan and Rhodes (1985) added two other groups to this list: Aboriginals wanting to establish businesses, and micro-small businesses of two or three people (generally family businesses).

Emphasising needs rather than functions does not necessarily sit comfortably with the competency movement. Competency standards and competency-based education and training are essentially function-driven. They are, by definition, primarily concerned about what people can *do*, not what they *need*. The two things are not mutually exclusive: after all, people need certain competencies in order to be able to learn and function in certain jobs (the enabling skills, perhaps), but the starting point for analysis is different. It may, therefore, be important to remind ourselves that the needs of business and industry (big or small) cannot always be met simply by developing the competencies of those who work in them.

The Small Business Management Competency Standards Project

During the course of this research contact was made with the consultant who had been contracted to prepare competency standards for the newly established Small Business Management Competency Standards Body.

This competency standards project was still in progress at the time of writing so it was not possible to refer to the standards in any detail. Some use has been made of the early draft material, however, in so far as it has provided another source of data and a check against the information collected through the case studies of the ten small businesses.

Chapter 3: Key competencies in small business: What models apply?

Summary

This chapter deals with the application of key competency models to small business, and attempts to answer the following questions:

- Is small business different?
- Can the Mayer framework be applied to small business?
- How well does the TAFE National Communication Skills model work in small business?
- Are key competency frameworks useful to small business?

Is small business different?

The observations of this project support the view that small business is not simply a small version of big business. As the Beddall report has noted, the key to the difference is the management structure, not the size. Several differences flow on from this.

In small businesses, the boundaries between the day-to-day tasks of employees and employers are often blurred. There is simply less division of labour than there is in a big business. In the corner grill, for example, the owners also work in the shop, doing everything that their employees are doing—serving the customers, making the hamburgers, washing the dishes. The fruit block owner, when he takes in his casual labourers for the harvest, works along with them, picking, drying, packing. The restaurant owner waits on tables and works in the kitchen, depending where the need is. When the rush is on to meet a production deadline or earn a bonus, the clothing company owners will not be in their office; they will be cutting, sewing or pressing with their employees.

In other words, owner/managers need the same competencies as their employees—they are not simply managers, but *workers* as well. They do, of course, need a whole set of management competencies in addition to these, and this is where the generic management skills come into play. But the closeness of the working relationship in the day-to-day running of the business means that team skills are very important, and have always been so. They are not an *emerging* skill in the same way as they are being promoted in big industries. Consequently, being able to *fit into the team, keep harmony, get along with everyone*—the so-called people skills—have a high priority in small business, often the highest.

Just as there is less division of labour in a small business, so is there less awareness of standards and levels in the ASF sense. *Entry level*, by necessity, means *experienced worker*. Small business owners do not believe they have the time to train new workers, on the job or off the job, though experience may well come from another field. When the hairdressing wholesale/distributor takes on new sales staff, for example, it is not so important for them to be experienced in sales work: it is more important for them to have experience in the hairdressing or beautician trade since customers would expect them to give information and advice on the products.

In the context of small business, award restructuring also has far less immediacy. This is especially true for the owner/manager. The value of new skills or competencies, whether they are gained on the job or through formal training, is ultimately measured in terms of the success of the business. There is no direct flow-on from skill level to salary. This may seem an obvious point, but it is highly pertinent to the development of small business management competencies. The factors driving the industry and award restructuring process in big business do not simply transfer over to small business. If this project is anything to go by, there is a major marketing job ahead for the NTB and the various competency standards bodies (including the new small business management CSB) in selling the idea of competencies at any level.

The marketing of competencies and key competencies in the small business sector is a communications problem in itself. The small business managers in the case studies did not have a framework or a language for talking about competencies. They did not have access to the background and hence to the terminology which is currently carrying the debate. Generally speaking, they did not have a training culture, they did not place much value on structured training and they did not have training managers or even personnel officers who could be attending seminars and conferences and bringing the concepts and the terminology back to the business. Only two of the businesses were covered by the Training Guarantee, and neither had any plan to use it for their own staff training. They simply paid it out as tax.

When talking to the case study owner/managers, it was generally better to refer to basic skills, though this is too narrow a term for key competencies. *Communication* was generally taken to mean spoken language and/or interpersonal skills, and most had difficulty describing maths skills beyond the very obvious computations.

Finding a common language was not the only problem. Owner/managers are very busy people who simply cannot take time out themselves or release their employees for lengthy discussions. Since they also found it hard to see how the project could benefit them directly, their participation was essentially an act of generosity.

Can the Mayer framework be applied to small business?

The simple answer to this question would seem to be *yes*—provided the user is satisfied with a fairly superficial and simplistic result.

Since the case studies were being undertaken at the same time as the Mayer Committee was developing its key competency framework, it could not be trialled in a direct way. Nevertheless, an attempt was made to consider the appropriateness and utility of the Mayer framework in retrospect and, in the closing stages, to see if the data collected in the case studies could be summarised through the framework.

The results of this exercise are shown in figures 3A and 3B (following two pages) and, in so far as there is evidence of communications and maths competencies in virtually all the sectors of the two grids, it is possible to say that the Mayer model *works*. It must be noted at the outset, however, that the two grids indicate the competency levels needed by the *businesses* in their normal, day-to-day operations, not the competency levels of the individual employees.

FIGURE 3A: COMMUNICATIONS COMPETENCIES: EMPLOYEES (*Not office workers)

Performance Level / Key Competency Strand	Hairdressing Salon	Contract cleaning company -cleaners	IDS Homecare workers	Restaurant waiters	Fitness instructors	Fast-food Grill Sales staff	Wholesale/ distributor Sales staff	Clothing manufacturers	Computer services consultants and technical * Self-employed only	Rural fruit grower * Self-employed plus casual workers
Collecting, analysing and organising ideas and information	2	1	3	1	3	1	1	1	3	1
Expressing ideas and information	2	1	3	1	2	1	2	1	3	1
Planning and organising activities	2	1	3	1	3	1	1	1	3	1
Working with others and in teams	2	1	2	1	2	1	1	1	3	1
Using mathematical ideas and techniques	1	1	1	1	1	1	1	1	3	1
Solving problems	1	2	2	1	2	1	2	1	3	1
Using technology	2	1	1	1	2	1	2	1	3	1

FIGURE 3B: USING MATHS IDEAS AND TECHNIQUES: EMPLOYEES (*Not office workers)

Performance Level / Key Competency Strand	Hairdressing Salon	Contract cleaning company -cleaners	IDS Homecare workers	Restaurant waiters	Fitness instructors	Fast-food Grill Sales staff	Wholesale/ distributor Sales staff	Clothing manufacturers	Computer services consultants and technical * Self-employed only	Rural fruit grower * Self-employed plus casual workers
Collecting, analysing and organising ideas and information	1	1	1	1	1	1	1	1	3	1
Expressing ideas and information	1	1	1	1	1	1	1	1	3	1
Planning and organising activities	1	1	1	1	1	1	1	1	3	1
Working with others and in teams	1	1	1	1	1	1	1	1	2/3	1
Using mathematical ideas and techniques	1	1	1	1	1	1	1	1	3	1
Solving problems	1	1	1	1	1	1	1	1	3	1
Using technology	1	1	1	1	1	1	1	1	3	1

At this very general level of application, certain common-sense traditional views about the relationship between specific and general skills seem to be upheld. As the level of technical skills rises, so does the demand for communication skills, though not necessarily the demand for maths skills. This is demonstrated by hairdressing, the disability care-workers, the fitness instructors and the computer service team. The traditionally low skill areas are also confirmed (e.g. cleaning, retail and wholesale, and clothing machinists), a pattern also consistent with the de-skilling that has occurred in certain employment areas, particularly sales.

This analysis is too simplistic, however. It must be remembered that the case study sample was chosen deliberately to reflect the trend to service and leisure industries. Hairdressing, disability care and customised computer services are all high customer contact areas, where the contact is not so much frequent and repetitive as it is concentrated and intensive, involving complex negotiations with one person over an extended period of time. By contrast, a fast food outlet involves contact with a large number of customers in a short period of time and, as a result, the communication tends to be superficial and repetitive.

The Mayer framework has recognised the impact of context variables in the distinction between levels, e.g. the degree of guidance and supervision provided, the familiarity of the situation, the variability and sophistication of the ideas to be expressed, the responsibility for monitoring and evaluating outcomes, the complexity of the activity, the length of time over which is must be sustained, the degree to which operating procedures and relationships are already established, the size and diversity of the team, and the need for judgement, explanation and justification.

It must be said, however, that recognising the existence of the variables does not actually make the application any less subjective in a real situation. In fact, trying to apply the framework in its current stage of development proved to be a very hit-and-miss affair.

Limitations of the Mayer framework

Even this relatively unsophisticated attempt to apply the framework has revealed some serious limitations.

To begin with, the level ascribed to the communications or maths competencies in Mayer seems to be determined more by the *practical* task variables of the activity than by the communications or maths task variables. This gives rise to a common sense view that cleaners, for example, do not need high level communications skills. Their jobs are routine, familiar, repetitive. This is a popular view of cleaners as people who skitter around in offices and shops when everyone else has gone home, doing the same old jobs day in, day out. This sounds at most, like an ASF Level 1 activity.

How then, would we describe the communication skills needed by a team of cleaners who work in a retirement home when the residents are always in situ? Some of the residents are frail and aged, but otherwise mentally alert. The arrival of the cleaner marks an important social event in the day: a regular visitor, someone to talk to, someone who remembers yesterday's or last week's conversation. The need to keep the client happy (and hence maintain a pleasant working atmosphere) must be balanced by the need to get the job done. Furthermore, if the cleaners spend too much time talking and listening, or if they develop too close a

FIGURE 3C: Communication competencies needed by employees (*not office workers) - as per TAFE National Communication Skills Modules

COMMUNICATION MODULE	Hairdressing Salon	Contract Cleaner	IDS Homecare	Restaurant	Fitness centre	Fast-food Grill	Wholesale distributor	Clothing manufacturer	*Computer services	Rural fruit block
ORAL										
Workplace Communication	✔	✔	✔	✔	✔	✔	✔	✔		✔
Workteam Communication	✔	✔	✔	✔	✔	✔	✔	✔		✔
Client Interaction	✔	✔	✔	✔	✔		✔			
Dealing with Conflict	✔	✔	✔							
Negotiating Skills	✔	✔	✔		✔					
Team-building			✔		✔					
Interviews					✔					
Meetings			✔		✔					
Presenting Information			✔							
Writing in Plain English			✔							
Letters and Memos			✔							
Graphic Communication										
Presenting Reports										
WRITTEN										
* Job-Seeking Skills										
* Career Path Planning										

work all out carry Partners N/A

relationship with the residents, the official care-givers in the home complain that the cleaners are interfering, taking over *their* jobs and so on. Other cleaners in this home have to work around residents in various stages of senile dementia. The activities and the other people are familiar, but the communication skills involve quite complex judgements, conflicts of interest, the manipulation of human variables, some of which may be quite unpredictable, and so on. This does not seem like Level 1 communications.

Similarly, the first year apprentice in the hairdressing salon may have only *repetitive and procedural tasks involving very limited theoretical knowledge and motor skills*, and be *under close supervision*—cleaning up, washing clients' hair, making appointments (ASF Level 1). At the same time he/she is part of a very public team. The survival of the business and, hence, all the members of the team, depends primarily on good client relationships built up over a period of time. The range of clients is very large—all ages, different socio-economic and ethnic backgrounds. Along with the essentially manual activities of the salon, there is a constant stream of conversation, with topics ranging from the trivial to the traumatic—hardly *routine and predictable* as ASF Level 1 would suggest. In fact, TAFE lecturers and industry representatives report that the communications demands on young apprentices can lead to high stress levels.

Concentrating on the activity also runs the risk of overlooking or underestimating the communications (especially literacy) and maths needs to acquire the underpinning knowledge. Conducting a community fitness class, for example, seems to be essentially a routine and repetitious activity—warm up, callisthenics, floor work, walking, cool down, relaxation. The communication involved also seems routine and repetitious: it is used to cue in new activities, as a memory prop, to signal a change in activity, give a little feedback, etc. What the class participants hear is a highly predictable, familiar patter which depends for its effectiveness on voice quality (pitch, tone, authoritativeness) more than on content and the meaning of the words.

The communication skills which can actually be observed seem about Level 1 or possibly 2 if a new routine is being introduced, or a new class is starting up and there is more actual *instruction*. What is behind this, however, is a considerable knowledge base (anatomy, physiology, biomechanics, nutrition, psychology, legal rights and responsibilities) which is achieved largely through high level literacy skills. A key competencies framework must be able to reflect the complexity of the concepts involved and the complexity of the source material (the texts) from which the information is collected, analysed and organised.

The computer business is in a similar situation. It offers a complete-personal service-consultation advice on hardware and software, design, assembly, installation and follow-up service and maintenance. The *visible* maths revolves around quotations (margins and percentages) and quantification (how must space/cable is needed, how many megabytes, etc.)—something like Mayer Level 3. The underpinning maths knowledge (the 'constant undercurrent' to all their work) is way above this level.

A framework which attributes levels to competencies as demonstrated through particular activities is also unable to reflect the importance of individual key competencies to the success of the enterprise. Being able

to serve behind the counter in a fast-food outlet is one of the activities described in the Mayer framework as Level 1 (working with others and in teams). In an outlet where local 'return trade' makes up about 80% of the business, however, the importance of the communication with co-workers and customers, brief and routine though it may be, cannot be over-estimated. Success in this highly competitive industry depends on the ability 'to create a good atmosphere at the counter and good PR' especially when a number of the return customers are intellectually and physically disabled.

Using mathematical ideas and techniques

The attempt to plot the mathematics competencies (figure 3B) produced a fairly dreary picture. While maths ideas and techniques *were* used, almost across the board, the level required was generally low. Despite the national push for higher skill development in maths and science as a strategy for economic advancement, there was little evidence to suggest that high level maths skills are being called on for employees in small businesses. In fact, in eight of the ten case study businesses, the jobs had been de-skilled as far as maths was concerned. In the sales areas, calculators, cash registers, digital scanners, etc. have replaced the need for all but the most elementary computational skills. At the office level, manual record systems have been replaced by computer systems. (The hairdressing wholesale/distributor, for example, had reduced its sales office staff by half in the past 15 years as 'machines' had 'taken over the ground work'.)

Higher level maths skills only started to appear as the level of responsibility increased; for example, where there was an office manager handling stock records, payrolls and wages, time-sheets, banking, tax deductions and payments, and so on. This, in turn, only occurred where the business was large enough to allow for such a division of labour (i.e. in the wholesale/distributor, the contract cleaning company, the intellectually disabled care service and the fitness centre). In the smaller businesses, this role was taken on by the owner/managers.

Responsibility for making decisions and judgements, interpreting and evaluating (Mayer Level 2 and 3 maths) may also be deliberately removed from employees. Mathematical errors can be very costly, in all kinds of ways. Because of the dangers involved in mixing chemicals, no-one but the owner/manager of the contract cleaning company was allowed to prepare any cleaning product. Cleaners came into the office/depot and everything was ready and waiting for them. They did not have to weigh, measure, dilute or mix. Similarly, while the carpet cleaner might give a rough estimate for a job, quotations were always prepared by the manager.

Key competencies and owner/ managers

The Mayer framework was never intended for use with business managers, but it can be argued that key competencies are just as valid for supervisory and management levels as they are for lower level or entry level employees. The difference comes in the level of skills needed.

People who are really *running a business* (as opposed to picking up work whenever they can) obviously need all the key competencies in the Mayer competency strands. They have to collect, analyse, organise and express ideas and information. They have to plan and organise activities for themselves and other people employed by the business, work with and manage a team, use mathematical ideas and techniques (especially financial maths), solve problems, and use technology—all at ASF Level 4

or higher. Precisely how key competencies can be applied to small business *management* is not, however, a proper topic for this study at this time.

The timing of this project has been somewhat unfortunate, if not problematic in this area. The National Centre for Vocational Education Research (NCVER) had already decided to target small business when the Small Business Management Competency Standards Body began to develop its own set of competency standards. At the time NCVER's report was being prepared, the small business management draft standards had only had limited circulation among contributors and key bodies.

It would have been inappropriate to apply any other competency framework to an incomplete and as yet un-approved set of standards. However, some general comments can be made about the relationship between communications and maths and the other competencies necessary for small business management.

Since good communications and maths are clearly critical to every area of small business management, they will need to be identified and spelled out in the standards statement. This had not been done in the early drafts (April and May 1992) where communication was mentioned once only, under the heading *Personal Effectiveness*. The idea that communication competencies are just a sub-set of interpersonal skills and only operational during interaction with other members of the work team, is far too restricted. A broader view is needed—such as proposed by the Mayer Committee or the TAFE National Communications Skills Project.

Office skills

Four of the case study businesses employed full-time clerical/office staff—the contract cleaning company, the intellectually disabled care service, the fitness centre and the wholesale/distributor. The computer service had just employed an office worker part-time to help the partners 'keep up with the paper work'. In the case of the four full-time office staff, the range of activities, the level of responsibilities and the complexity of the tasks clearly called on ASF Level 3 skills (minimum) for communications, and at least Level 2 for maths.

The wide range of activities arose from the multiplicity of roles. In the contract cleaning business, the office worker often stood in for the manager, dealing with employees and clients, arranging and re-arranging work schedules. She was also the secretary/receptionist, making appointments, taking enquires, giving estimates for jobs, keeping records (manual and computer), and filing. In her financial role she kept financial records, organised the banking, arranged payments, sent out bills, and managed the pay roll (calculated on the basis of individual time-books which varied considerably from week to week). As personnel officer she maintained contact with 60 part-time cleaners (¾ of whom were migrants from non-English speaking backgrounds), she handled job queries (two or three per day) and undertook a first screening of applicants.

A similar picture was true in the other three cases. In the fitness centre, the office worker acted as a receptionist, an information officer, a personal secretary, an enrolment officer (for classes), a cashier (taking class fees, selling small items), a desk-top publisher (of promotional material), stores controller, information systems manager (including computer records), and payroll clerk (also having to process a large number of part-time

instructor and creche worker claims). This clearly involved information processing, planning and organising, working with others, maths (especially financial maths) problem-solving and the use of technology.

While the office workers are deserving of more attention, this project is not the place for it. As with Small Business Management, the description of competency standards for office workers is currently being undertaken on a national scale, in this case by the National Office Skills Formation Advisory Body. The office skills project has been consulting with small businesses, and will incorporate communications and maths competencies into its framework.

The TAFE National Communication Modules

The TAFE National Communication Modules project is not a competency standards project but a competency-based training curriculum. Nor does it attempt to place the modules in ASF levels as the Mayer framework has done.

What the modules framework *does* offer is a means of distinguishing between competencies which depend mostly on spoken language skills, and those which depend heavily on literacy skills. When the data from the ten small businesses is summarised against these module titles, certain aspects of small business communication become very obvious. (See figures 3C and 3D based on October 1991 draft.)

Oral communication competencies are clearly more in demand than literacy skills. This is not to say that day-to-day workplace communication, teamwork and client interaction require no literacy, but the predominance of spoken communication is marked, both for employees and employers. This is, no doubt, a direct result of the *size* of the businesses and the closeness of the working arrangements (co-workers can simply ask and tell each other what they need to know), but it also seems to be related to the more customer and client-oriented nature of small business. It may also be related to the general level of skills required.

The greater demand for literacy and the more formal meeting skills may also stem from the fact that the larger businesses in the sample were also answerable, in part, to outside organisations. The care-service for intellectually disabled was dependent on government funding, the fitness centre was partly funded by government, and the wholesale distributor, as a co-operative, was answerable to a management board.

Migrants from non-English speaking backgrounds

Almost any discussion about communication competencies, especially literacy, needs to pay very serious attention to the issues of employers and employees from other language backgrounds. In two of the case study businesses, the predominant medium of communication was not English but Vietnamese: in another, the medium was a mixture of English and Chinese.

The clothing manufacturer, was owned by a Vietnamese husband and wife team, both of whom had limited English. They compensated for this by only employing Vietnamese-speaking cutters, machinists and pressers. Some of the employees could also speak some English, but the language of communication in the workshop was Vietnamese. The supervisor was a key person in this business. She was Vietnamese-born, but had attended secondary school in Australia and had good spoken

FIGURE 3D: Communication competencies needed by employers - as per TAFE National Communication Skills Modules

	COMMUNICATION MODULE	Hairdressing Salon	Contract Cleaner	IDS Homecare	Restaurant	Fitness Centre	Fast-food Grill	Wholesale Distributor	Clothing manufacturer	Computer Services	Rural Fruit Block
ORAL	Workplace Communication	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
	Workteam Communication	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
	Client Interaction	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
	Dealing with Conflict	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
	Negotiating Skills	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
	Team-building	✔	✔	✔	✔	✔	✔	✔	✔	✔	N/A
	Interviews	✔	✔	✔	✔	✔	✔	✔	✔		
	Meetings			✔		✔		✔	✔		
	Presenting Information	✔	✔	✔		✔	✔	✔	✔	✔	
	Writing in Plain English		✔	✔		✔		✔		✔	
	Letters and Memos		✔	✔		✔		✔		✔	
	Graphic Communication							✔		✔	
	Presenting Reports			✔		✔		✔		✔	
WRITTEN	* Job-Seeking Skills										
	* Career Path Planning										

English skills. She could be called on to interpret for her employers when they needed help communicating with their English-speaking clients (fashion designers, equipment suppliers, etc.)

The business itself seemed highly successful. It had a number of long-standing contracts with well-known fashion houses and was on the point of a major expansion. It had been built up on the enterprise, technical skills, hard work and plain *nous* of a very determined refugee family. It was, however, at risk in a number of significant ways. These came to a head when the business was targeted for a tax audit and the owners were asked to produce records for the past seven years—part of the Tax Office's general audit of the clothing industry. A similar crisis (but perhaps not such a dramatic one) would probably have eventuated if the business had been subject to an occupational health and safety check, or a visit from the Department of Labour and Industry.

The owners were not dishonest or careless of their workers' safety. They simply did not know what they had to do in so many areas relating to government rules and regulations. They did not know there was information they needed and, even if they had, they could not access it, let alone collect, analyse and organise it. They had handed over so much of their responsibility for financial management to their accountant that, when the crunch came, they had no idea how to cope with the situation.

Small business support agencies know that this scenario is not confined to the NESB small business population, but the language barrier certainly accentuates it. Some of the issues which this raises will be pursued in the next chapter, but with so many NESB business owners in the community, it raises important implications for the development and promotion both of small business management competency standards and key competencies. It is an aspect which NOOSR may wish to address in the future, especially in the light of business migration schemes.

Are key competency frameworks useful to small business?

Throughout this whole project questions about usefulness and relevance were constantly surfacing. How would descriptions of competency standards, particularly descriptions of *key* competencies, be useful to small business? Would there be any direct benefits, short-term or long term? Some answers were proposed, but they did not come from the small business owners themselves. Most were too pre-occupied with their own survival needs, too busy, and often, too alienated from big government and big industry to be enthusiastic about exercises of this kind. If the competency movement is all for their own good, they have yet to be persuaded.

There was some agreement that a simple framework might be helpful in selecting new employees. For this to happen, however, the framework will have to be in a form which is immediately recognisable as relevant and in a language which is understood by people who are completely outside the training culture. It will have to be packaged in such a way that its meaning is as obvious to small business employers as it is to the technocrats and bureaucrats who have laboured over it for months. Small business owners do not have the internal resources or, indeed, the access to outside resources to enable them to engage in a lengthy educative process. Anything as complicated as the Mayer framework will have little appeal for small business managers who complain that they do not have the time to read anything properly—and, in the case of NESB

managers, may not have the skills to read and understand the information.

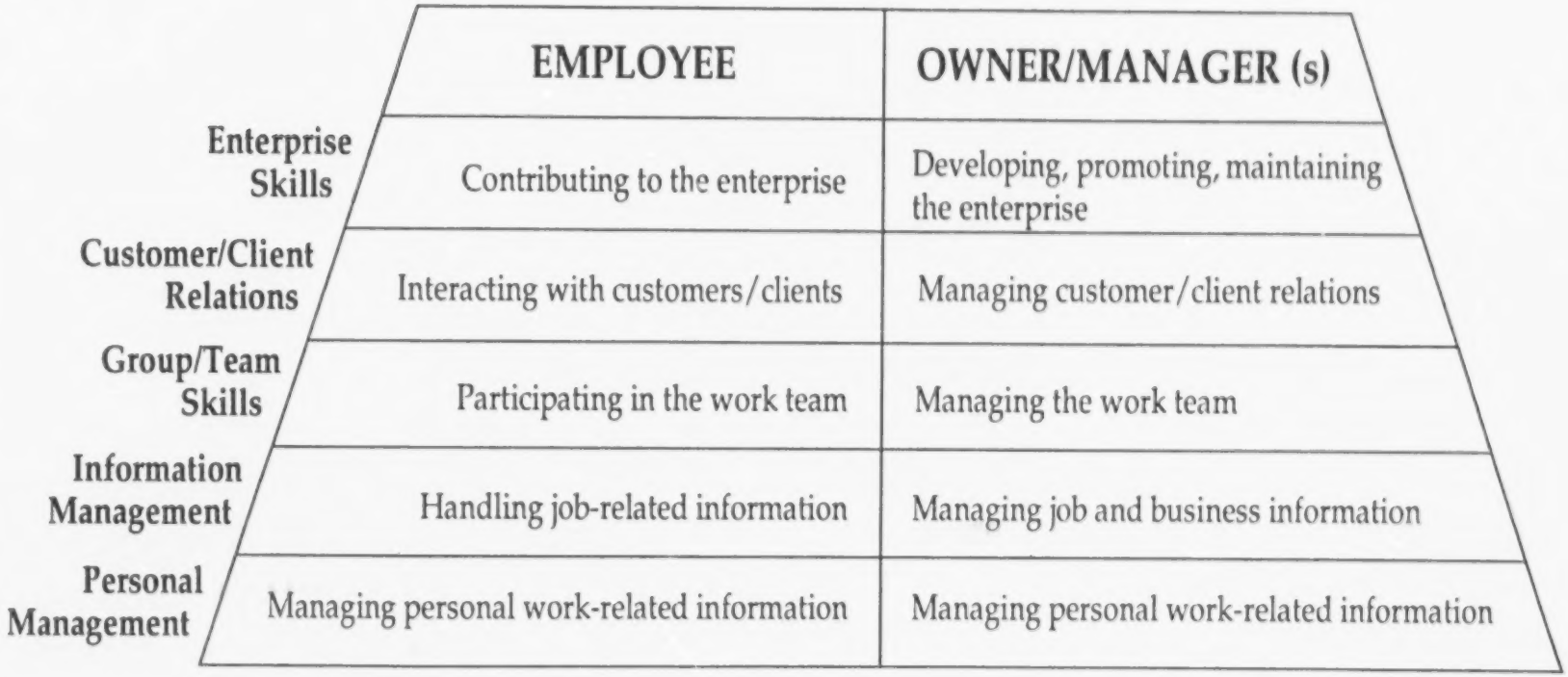
During the course of this NCVER project, a simple model was developed to assist discussions with the small business owners. Some found that it helped to structure the discussion: others could not relate to it at all. (See figure 3E.) The diagram attempts to show the relationship between employees and managers in small business and to describe the areas of competence which small business managers seem most concerned about. However, while it may be a more simple package, it does not answer questions about how the whole concept might be promoted. (The question of *how* to get information to small businesses is pursued in more detail in a later chapter.)

The framework dilemma

Trying to apply any kind of competency framework to small business puts an old dilemma into a sharp new focus. Too much detail and too much complexity will simply alienate many of the key players whose support is needed if the process is to succeed. On the other hand, trying to reduce the complexities involved in key competencies into any kind of framework (even a three-dimensional model) inevitably leads to over-simplification.

This may not be such a serious matter if the framework is only used as a basis for curriculum development (either in the schools or training sectors) or, possibly, to describe the competency levels needed in particular jobs. If it is used to describe the competency levels of individual workers, however, then there are major implications for equity and social justice. Before any more work is done on key competency frameworks, some serious thought must be given to the way the product is to be used.

Figure 3E:


EMPLOYEE
OWNER/MANAGER (s)
Enterprise Skills
Contributing to the enterprise
Developing, promoting, maintaining the enterprise
Customer/Client Relations
Interacting with customers/clients
Managing customer/client relations
Group/Team Skills
Participating in the work team
Managing the work team
Information Management
Handling job-related information
Managing job and business information
Personal Management
Managing personal work-related information
Managing personal work-related information

Chapter 4: Keeping the government satisfied

Summary

This chapter looks at the communications and maths competencies needed to comply with work-related legislation—in particular, taxation, occupational health and safety, workers compensation, labour and industrial relations, and trade practices. It begins with a discussion of the nature of compliance requirements, and then discusses compliance first from the perspective of the employee, and then from the perspective of the small business manager.

The summaries of employee and employer needs are not intended to be exhaustive: that is the role of competency standards bodies. They are, however, indicative of the processes and competencies involved and should serve as a starting point for more detailed analysis.

The nature of compliance requirements

From the perspective of small business, especially managers, there are three aspects to government compliances: they are generated externally, they are time-consuming, and they are information dense.

An external demand

As the previous chapter has indicated, small business owners are acutely aware of the need to keep their customers satisfied. After the influence of the general economic climate, they generally see this as the most important factor in success. What they are less happy about is the need to keep the government satisfied. Objections to the myriad demands of government are heard at all levels, from the individual owner/managers to the industry associations, the small business associations, employer federations and the chambers of commerce and industry.

Obviously, no business manager likes or wants to comply with external impositions which seem to be over and above (and, at times, contrary to) the needs and demands from within the business, and which seem to contribute nothing to its success. As one industry association president put it:

> *There's nothing in these four areas (i.e. taxation, occupational health and safety, trade practices and industrial law) which is critical to success. It isn't complying with these regulations that makes the difference.*

Employees, whatever the size of the business, are less affected by the negative aspects of compliances. For the most part, they are beneficiaries. The requirements of occupational health and safety, workers compensation, labour and industrial relations, for example, have more to do with workers' rights than with their duties or obligations. There is certainly less that they have to do for the government in an obvious way. This does not, of course, mean that compliances are unimportant for employees, both at a personal level and as a part of the work team. Employees are part of a chain of responsibility, contributing to and affecting the way the employer operates with respect to these obligations.

Time-consuming duties

It is precisely because they are external that small business managers complain about the time involved in satisfying compliance requirements. One of the case study managers estimated that 'doing the government's work' probably took the equivalent of a half a day a week—time he wasn't putting into his business, and much of which he spent out of business hours, at night, or on the weekend.

This burden has been recognised and commented on by other studies. The Beddall Report recommended that all compliance documents should contain a box where business managers could record the time taken to complete the task. *The Australian* (17 June 1992) reported that the Small Business Unit of the Department of Industry, Technology and Commerce had finally decided to investigate the problem, but in a 'uniquely governmental' way—more paperwork. A random sample of small businesses was to be asked to keep log books detailing time, cost, duplication and level of difficulty over a three-month period!

Paperwork is not the only way compliance eats into a manager's time. A great deal of time can be spent (and wasted) trying to get access to information about compliances, or trying to clarify information requested. As their various journals reveal, much of the activity of the industry and business associations is also devoted to this activity.

There is another side to this argument, however. As one tax accounts and part-time lecturer in accounting explained it:

> *If you are just keeping records for the tax man, then you are doing it for the wrong reason. There is nothing you have to do or keep for taxation purposes that you don't need to know primarily for your own business management.*

As this argument goes, managers who are truly on top of their own financial affairs will not find dealing with the ATO an enormous burden.

Similarly, in the opinion of a spokesman from the Trade Practices Commission, small business managers do not need to worry about the details of the Trade Practices Act on a day-to-day basis. It is mostly 'a commonsense act' based on consumer rights and honesty in business. In the case of restrictive trade practices, small businesses are more likely to be victims than aggressors. For this reason, the commission saw its role in terms of 'putting out fires' and dealing with specific problems as they arose. It believed it could help most with a good telephone enquiry service and a small amount of printed information on the most common problems.

Information dense

From the perspective of communication skills, this seems the most significant characteristic of compliance requirements. The information produced for business managers (sometimes specifically for *small* business), is marked by volume and complexity. This is hardly surprising in one sense: The laws surrounding these areas are, themselves, highly complex. After all, full-time accountants do not believe they can master the whole of the Income Tax Assessment Act; trade practices officers specialise in particular sections of their Act; and industries are advised (in booklets produced by the relevant commissions) on how to select their own WorkCover consultant.

One manager talked about 'more and more legislation about more and

more things', and said there was a perception of managers that 'they needed to know everything', including 'the political minefield in which they operated'. They often felt they were losing control over what happened to their businesses: There was almost a 'sense of mourning' as their independence and authority was increasingly taken away from them.

Literacy skills seem to be the aspect of communication competencies most called on, i.e. the skills associated with collecting, analysing, organising and evaluating printed information, and completing documents. Good reading skills are needed to understand government publications (not necessarily the Acts themselves, but explanations and summaries of the Acts, their Regulations and Codes of Practice). To supplement this source of information, and especially to keep up with changes, managers need, at the very least, to be members of a business or industry association, if for no other reason than to have access to the magazine. One issue of a retail trader's journal, 'Independent Food Retailer', had information about superannuation, giving refunds, new wage rates, OHS regulations (first aid facilities) and a reminder about registering workplaces with the Department of Labour in order to comply with OHS legislation.

Small business owners also need to keep up with the newspapers. In addition to public notices (notifying changes in awards, trading hours, etc.), there is a need to keep abreast of the general economic and political climate where they may first hear about proposals about such things as superannuation, use of private contractors, changes to general trading hours, etc. For a small business manager who wants 'to keep informed', or 'to be able to talk sensibly to his/her accountant', there is a lot to know and a lot to read.

This is not to suggest that *oral* communication skills are no longer important in the process of gaining information. Even for avid readers, oral skills are needed to supplement literacy skills. Apart from telephoning government departments for advice and clarification, managers can and do consult with accountants, lawyers, business and industry associations, small business advisory services and, or course, with the informal network of other businesses 'down the road', neighbours, relatives, etc.

Where the small business manager is from a non-English speaking background, his or her own language will obviously contribute to the accumulation and processing of knowledge, both through formal and informal networks. In addition to the growing number of bilingual and multilingual accountants, lawyers and business consultants, there are also business associations such as the Chinese and Italian chambers of commerce, and the Hong Kong Australia Business Association. But the fact remains, business managers who are seriously limited in their access to English language publications are disadvantaged in a society where the bureaucracy is monolingual.

As far as record-keeping is concerned, this must be done in English, except for primary documents which have originated in another country. The Australian Taxation Office instructions are quite clear on this point. Furthermore, there is no provision for the various application, registration and notification forms to be completed in any language other than English.

There is some call on maths competencies, particularly for taxation compliances, but these are essentially in the form of percentage calculations based on scale provided by the ATO. Variable premiums also apply to Workers Compensation/Work Care/WorkCover but, again, the maths required to calculate the payments is, in itself, quite straightforward and routine. It is the text used to explain the meaning of the compliances, the requirements and the penalties which is complex, not the calculations. A standard rate for Prescribed Payments Tax is 20%, for example—a simple calculation. The problem comes in trying to work out from the 25-page ATO booklet whether or not your business is affected, whether you have to pay at all, when, if you should deduct a higher or lower rate, and so on. It is not the maths that drives small business proprietors to accountants.

No doubt employees would also do well to read the pamphlets produced in *their* interests by the various government departments and commissions, and to read unions journals and material produced by such agencies as the Legal Services Commission. Like their employers, employees can also learn from the daily news services (most likely newspapers for this kind of information), and they also have access to spoken information through the workplace itself, and through various formal and informal channels. The difference between employers and employees comes in the volume and complexity of the information to be analysed and used, and the degree of responsibility which attends the compliance. It is, after all, the duty of managers to keep up-to-date copies of awards in the workplace, to provide a safe workplace, to display safety notices in a language that employees can reasonably be expected to understand, to deduct tax instalments and make WorkCare payments, not the responsibility of employees to go and do these things for themselves.

Nevertheless, employees *are* affected by compliances and having the necessary communications and maths competencies to deal with them is surely a basic requirement for people entering the workforce.

Compliance and the employee

The importance of communications and maths

To begin with, the kinds of compliance which affect employees are themselves 'generic'. So to are the skills which underpin them: documentation, sorting and keeping of records, and the ability to read bureaucratic texts. The competencies involved do not depend on the type of industry of the size of the workplace—taxation, occupational health and safety, workers compensation cover all employees without fear or favour. There may be specific applications in specific businesses (e.g. manual handling, dangerous substances, etc.) but generally speaking, competencies applied in one employment situation are readily transferred to another.

Given some of the fundamental changes in employment over the past few years (and others believed to be looming), the ability to document and verify one's own personal work history is becoming increasingly important. Some of the information tied up with compliances is of such future significance (e.g. accident and injury records, superannuation, taxation) that employees need to be able to maintain their own records, irrespective of the employer's responsibilities.

There are also applications beyond the workplace. Unemployed people also have to deal with government departments, bureaucratic texts and documentation, and the ability to keep good records (i.e. to collect, analyse, organise, evaluate and store information) has all manner of public and private applications.

Secondly, there are important equity issues for small business employees. As noted in Chapter 2, they have less access to training, either structured or informal, and because their employers also have less training, they may be seriously disadvantaged when it comes to having access to information about their work situations. Since there is less union activity in small business, another source of information about worker rights and responsibilities is also less available to them. This suggests that small business employees, like their employers, may need greater degrees of independence, autonomy and self-reliance than workers in larger organisations where the very size allows for structured participation (e.g. in Occupational Health and Safety Committees).

An application of the Mayer framework

The Mayer framework seems to apply well in this area because of the strong information-based nature of compliances and government regulations. It is particularly applicable to Strands 1 and 2 in Communications and Maths (collecting, analysing and organising information, and expressing ideas and information). Before giving examples, however, some reference needs to be made to the pre-requisite knowledge and attitudes.

Underpinning knowledge and attitudes

The ability to apply key competencies to the particular context of government compliances depends on a background of specific cultural knowledge and behaviour unique to this country. This culture underpins our government structures and the way these inter-relate with business and industry, and with unions and employees in general. Ours is, after all, a highly regulated society but, at the same time, one with a history of industrial unrest and unique structures for negotiation and settlement. Those who are acculturated to the dominant culture accept this as a matter of course and take up some kind of political position within it.

Employees need, at least, to be aware of the existence of compliances and of their widespread influence over our public and private lives, and they need to be aware of the kinds of political structures that support them.

More than this, perhaps, they need to have a disposition to understand them so that they can 'manage' their compliances as part of their routine work (and private) lives. The compliances themselves are pushing workers increasingly to independence, self-reliance and personal responsibility (e.g. self-assessment in taxation, encouragement to save for personal superannuation, personal responsibility for one's own health and safety at work, and so on). Workers' rights are an important part of our culture but so too, are workers' responsibilities, particularly the responsibility to find out for yourself and to look after yourself. There are deeply ingrained cultural assumptions and attitudes involved here.

Income tax

The nature of the personal income tax system in Australia is such that the competencies needed to comply are those which call on information processing skills. Employees have to collect supporting documentation (group certificates, other payments, allowances, deductions) and organise and express it in the way the ATO wants, i.e. according to the Tax Pack, by categories of income, deductions and rebates. This is, in itself, no

mean feat for a person who chooses to self-assess solely on the basis of the Tax Pack information. It involves a considerable level of document literacy, with complex indexing and cross-referencing tasks, especially when the record-keeping needed to substantiate the final calculation is taken into account.

Being able to use all this collected information to calculate tax liabilities and so complete the document certainly seems, at least, to require Level 2 competency in communications/literacy, though it is less certain that it requires Level 2 in the use of maths ideas and techniques. Over a period of time, taxation compliance also requires other form filling (document literacy), e.g. application for a tax file number and employee declaration forms plus, possibly, medicare levy variation declarations and home loan interest deduction forms. By comparison, however, these are simpler activities involving a lower level of competency than a complete tax self-assessment.

Occupational health and safety

Since the OHS Acts also charge employees with responsibility for taking reasonable care of their own health and safety, plus the health and safety of others they work with, there are serious implications for access to information. This includes obeying instructions, oral and written, and using safe and approved procedures. For most workers, it goes beyond simply reading the safety signs and notices which are part of the routine work environment: it also involves the responsibility for reporting unsafe conditions and practices and, at times, to completing forms.

As the hairdresser in the case study revealed, combining a general duty to the client with specific health and safety conditions can lead to a quite complex problem-solving and communication activity. The customer who wants a particular brand of perming solution is one source of information. This must be combined with written information from the product label, including warnings about skin sensitivity and suggested treatments for rashes and poisoning. There is also information gained from previous experiences of the product, including other clients' verbal reports, plus information about the current client's 'history', skin type and hair condition (possibly, but not necessarily, kept on a client record card). The hairdresser must also consider her own past reaction to the product and her doctor's warning about using products containing certain chemicals. Because of the level of judgement involved and the variety of types and sources of information, the information processing competencies would seem to be Level 3. Using all this information to negotiate with a persistent client and persuade her to change product brands also calls on high level competencies in expressing ideas and information.

Duty of care

Making independent evaluations and judgements on the basis of information collected from a variety of sources over an extended period of time is also required of the disability care workers. One instance involved a casually-employed care worker who had sole responsibility during an eight-hour period for an intellectually disabled person ('Andrew') who must always wear head-gear to protect his damaged skull (even in the shower unless he sat on a seat). On previous occasions the care worker had been given oral and written information about Andrew's health (mental and physical) and had attended special meetings where Andrew's social development plan had been discussed. There was also a steady stream of information coming from Andrew himself on what he believed he could safely do, some of which was not confirmed by past history.

Andrew (the client) was also legally an adult, and the care-giving organisation has a written policy about integration and participation into the community. All this information about the client's health and safety, plus information about the care-worker's own rights and obligations under general duty of care and the organisation's written safety policy must be brought together when care-givers arrange activities for their clients. In this case, a decision had to be made about Andrew—whether or not his request to be taken horse riding could be met. To add to the problem, Andrew's parents had expressed their opposition but could not legally stop him going. This is not an isolated incident. Andrew also has a bicycle, and often tries to take it out on to the street and into the traffic.

The issues in a case such as this are extremely complex, and it is difficult to separate out the communications and information processing skills from the problem-solving aspects. Whichever way it is approached, however, there are high level competencies involved and legal implications of almost frightening proportions. (When does unlawful restraint give way to duty of care, or vice versa?) The care-workers do not have the supervisory duties assumed under ASF Level 4 because they do not supervise other workers, but they certainly have equally responsible positions in relation to the clients.

Trade practices

It is in the retail industry that employees are most likely to become involved with the TPA, especially in a small business where they may be left 'in charge' while the manager is away from the premises. In particular, employees need to be aware of the general intent of the TPA with respect to misleading and deceptive conduct, refunds and warranties.

The managers involved in retailing in the case studies (i.e. in the hairdressing salon, the fast-food corner shop, the restaurant and the computer service) issued refunds without question on their own goods and services. Generally speaking, goods which have warranties from other manufacturers are also covered. In this case, dealing with refunds on defective goods will probably involve collecting and recording information from the customer about the purchase date, fault or defect, use, and so on. It may also involve the employee making judgements about the truth of the customer's verbal account.

The disability care workers could be called on to respond in a different way to the TPA. They could be called on to act as advocates for clients who had grievances but were unable to express this clearly or achieve the outcomes they needed. This would involve them in expressing ideas and information in much the same way as they would if acting for themselves as consumers, but with the added responsibility of transmitting (and perhaps interpreting) information from a third party. This example is a reminder of the wider implication of TPA, i.e. that employees are more likely to call on the Act off the job, as consumers, than on the job, as workers.

Labour and industrial relations

This is an area where employees' rights are the prime consideration and, consequently, the emphasis is on access to information which supports these rights. Reference has already been made to the possibility that small business employees may have greater needs in this respect than those in bigger, unionised workplaces. Well-informed and competent workers can use their communications, literacy and maths to check information about pay and conditions and general rights, and to check

their employer's records of sick leave, long-service and recreation leave and, as a further safeguard, keep their own personal, duplicate records. Even those employees who do none of this checking, will need to call on communication competencies if there is a dispute with the employer. In this case, the employee will need to make a statement to the department, either orally or in writing, before any action can be taken.

It is through such activities that we are reminded of the special role of literacy in a democracy, i.e. that it is necessary not simply for the sharing of power but also in the criticism of power. This may involve levels of communication and literacy beyond those normally needed in the day-to-day activities of the workplace—certainly, it would seem, nothing less than Level 2 competency.

Compliance and the small business manager

The importance of communications and maths

To a large degree, communications and maths are important to small business managers for the same reasons as they are for employees. Generally speaking, the competencies and their application to compliance are not business or industry-specific: they are transferable to other businesses and they have applications in non-work domains as well. For most small business managers, however, coming to grips with government regulations and compliances is essentially about avoiding penalties.

Penalties

The Australian Taxation Office, for example, imposes up to 20% flat penalty on all group tax instalments not paid by the due date, while the penalty for failing to register for sales tax is $250 for each day a manufacturer or wholesaler remains unregistered after the 28-day period of grace following start-up. Failing to register as an employer and failing to pay the correct WorkCare levy carries a penalty of $1000 plus treble the amount avoided : failing to provide information requested by the Commission can cost an employer up to $1000—and the penalties go on. (Victorian figures). Non-compliance with the Mandatory Code of Practice in the Fitness Industry in SA (under the Fair Trading Act 1987) carries a penalty of $1000.

The fear of the unknown

A number of the case study managers expressed their unease about the regulations they might not know about. One had recently been in the uncomfortable position of being warned by a local council health inspector that he and his partner were liable on two counts under the Food and Drugs Act (SA), and so also were his employees—all with fines of $1000. Although he was only given a warning on this occasion and told to correct the situation, he was quite unnerved by the event. He had been in the retail trade for a long time. What else, he wondered, did he still not know? And where did he go to find out what he did not know? When was enough information enough?

Another manager in the food and hospitality area commented that the local health inspector could always find something wrong. The important thing, she felt, was to keep the question of compliances in perspective. After all, she said, 'they don't fine you without warning: you are always given time to fix it up'. In this manager's words, 'If you don't make a big

deal [of compliance], it's not a big deal!' This sounds like a level-headed approach, but this particular manager had a higher education degree from an Australian university (though in an unrelated field). She had also gone to the Small Business Corporation for advice before getting started. She clearly had the disposition and the competencies to find out for herself what she needed to do to stay in front of the game.

For other managers, however, not knowing about compliances, and not knowing what there was to know or where to find out simply added to the stress. This was particularly true for the Vietnamese owner-managers. The fruit-block owner, for example, was barely subsisting on his small acreage, but he was worried about accepting outside casual employment because he was afraid of the tax implications. At the same time, he was pitifully ignorant of the deductions he could legitimately claim in business expenses (probably enough to wipe out his taxable income), yet he was afraid to go to an accountant because of what the service would cost.

In this particular case, the unknown went far beyond the specifics of tax law. Behind it was a whole unknown culture of Australian business practice set in mysterious bureaucratic structures. This particular fruit block owner was, in fact, quite competent in his use of communication and literacy skills in English. Given time, he could read and understand information from the Department of Agriculture, and he was often called on by the CES and the DSS to act as an interpreter-translator for others in the Vietnamese community. But he did not know whom he could trust and where he could go for information about business relationships and government compliances, and he had no cultural framework to place any information he *did* collect. He was, therefore, unable to analyse and organise it and, as a result, he could not use his information with any confidence. He did not know where it 'fitted' into the bigger scheme of things.

There is a school of thought which would argue that such people should not be in business, and that they are just a menace to themselves and others. In the meantime, however, this man is self-sufficient: he is not on unemployment benefit, and there are many more like him. The question of how to use his resources and hence to keep him independent and self-sufficient will be taken up again later. What this chapter will now focus on is the ideal situation, in particular, the competencies needed to meet the minimum requirements.

Taxation

At the very least, this depends on a clear understanding of the way tax requirements relate to the business structure (i.e. sole trader, partnership, or incorporated business). This affects personal income tax, provisional and capital gains tax and, possibly, depending on the nature and size of the business and whether or not there are employees, it may include sales tax, prescribed payments tax, PAYE group tax, fringe benefits, training guarantee, child support levy and HECS. Unless the relationship between structure and tax is understood, small business managers will not know what kinds of tax instalments are involved, what kinds of deductions can be claimed in business expenses, what kinds of deductions are due from employees wages and, most importantly, what kinds of records and substantiations the ATO requires the business to keep (in English), and for how long. This is also vital information for business plans and budgets.

(Note: The Taxation Office commented that small businesses generally manage the documentation relating to expenditure better than they manage the documentation for income.)

Keeping up with ATO requirements involves a very complex diary of payments. PAYE group tax instalments must be calculated and deducted from employees' pay every pay period, but only paid into the ATO on a quarterly basis. Information about PAYE is set out in a special Group Employers Payment Book, which also sets out payment dates for PAYE and Fringe Benefits Tax (not the same dates). Businesses eligible to pay Sales Tax and Prescribed Payments Scheme tax must pay instalments monthly.

Reference has already been made to the maths involved in taxation which, in itself, is not so complex—basically, percentages, additions and deductions, all based on prescribed tables. For the small business manager, the main problem is record-keeping and analysis of information. For tax purposes, this covers records of transactions, working papers, documentation supporting tax calculations, documentation of accounting systems, and inventories, and the record systems to support deductions for a range of business expenses (car, telephone, office, depreciation of equipment etc.).

While this study has focussed on the compliances associated with the Commonwealth Income Tax Assessment Act, small business owners are also affected by State taxes and charges which must be taken into account when planning activities and finances. The complexity comes from knowing what has to be done and when, and this depends on collecting, organising and analysing material from many different sources, and then using this information *in conjunction with* financial maths to calculate payments. Tax minimisation comes more from knowing and using 'the system' than knowing and using the maths.

Occupational Health and Safety

Although employees also have responsibilities under the OHS Acts, employers carry the burden of responsibility for ensuring that the working environment is safe and without risk to health. Even for the self-employed (sole traders and partnerships) there are obligations. The Acts also cover independent contractors who are working on the premises and outworkers, and there are general duty of care applications to the public at large. Small business managers also need to be aware of any relevant specific requirements laid down under the various codes of practice, and regulations under the acts (e.g. manual handling, noise control, hazardous chemicals, dangerous substances etc).

If the owner/managers are also employers, they are required under the acts to provide safety information to their employees 'in such languages as are appropriate to their employees', and to provide OHS instruction and training to new and existing employees. A manager may also need to negotiate and plan with a designated work group or with OHS representatives and committees.

There are also documentation requirements: for example, records of workers' illnesses, accident and injury records (including accidents which do not result in loss of time) and, in South Australia at least, the requirement to produce and display a written safety policy. These records must be kept ready for inspection at any time by the relevant department.

Workers' compensation

Documentation and record-keeping skills become critical when there are employees, which includes casual employees and people working on commission. Employers must be registered with their State Workers' Compensation Commission (WorkCover/WorkCare), and to notify the Commission of any changes (e.g. to business address, trading name, additional locations, employees)—all on appropriate forms, of course. Then, as with tax, there are regular premium payments to be calculated and lodged by (variable) due dates. These also have to be taken into account when considering the financial viability of the proposed business, and its on-going budgets.

Labour and industrial relations

All employers need to know about the industrial awards which cover their employees, and this goes beyond hours and wages. In addition to regular and special rates, awards also cover the various leave conditions (sick leave, long service and recreation), superannuation and special provisions for particular awards (e.g. provision of safety clothing). An employer also needs to know, in advance, about the reciprocal obligations of his/her employees, and about unfair and unlawful dismissal.

But it is not enough simply to *know about* these provisions and conditions. Employers must keep and display copies of relevant awards in a conspicuous place. They must also keep detailed records about time and wages, terminations, sick leave, annual leave and long service leave—all in English—and must have these records available for inspection by departmental officers at any time.

Trade practices

Although the Trade Practices Act is, itself, a Commonwealth Act, aspects of fair trading and consumer affairs must also be followed through to the state government level. However, Trade Practices is somewhat different from Tax and OHS or Workers' Compensation. While there are things that a small business manager needs to know and, to some degree, to do or *not* to do (e.g. about misleading and deceptive conduct, warrantees, refunds, product labels, advertising, door-to-door sales etc), there are no routine demands for reports, records or other compliance activities. It is an Act which becomes visible only when it is contravened, though, in those circumstances, the penalties may be quite severe.

Licences and zoning

Although this study was not intended to cover all aspects of compliances, a number of the business and advisers contacted singled out licences (including permits, approvals and registrations) as a particular 'bone of contention' for small business managers. In SA, for example, there are 450 different State government licences, and a business as apparently straight-forward as a bootmaker, needs 14 different licences. A number of Commonwealth and State government enquiries have called for a rationalisation of the licence system but, so far, only three States have actually set up Business Licence Centres where business intenders can collect all the licences they need at one time and in one place (Queensland, NSW and Victoria).

Local government by-laws and zoning regulations were also a source of anxiety and frustration. An advisor to Indo-Chinese business proprietors told of a market gardener who had bought a large corner block of land surrounded by other market gardens—or so it had seemed—only to find he was on the wrong side of the road. The two roads that formed two of his boundaries were also the boundaries marking the change from agricultural to light industrial. He was just inside the light industrial zone. This advisor believed he spent most of his time trying to sort out

confusions with local councils—zoning, health and fire regulations, building codes and so on.

Inter-relationships

As if having to deal with three different levels of government were not enough, the small business manager has to come to terms with complex inter-relationship between the three. Health and safety may be a Commonwealth, State or local government matter. In SA, for example, local government health inspectors are given authority to administer the regulations under the Food and Drugs Act which covers aspects of safety and hygiene in the storage and handling of food and utensils in retail outlets. But anyone who supposed that legislation about health and safety would come under the general jurisdiction of the Department of Health would be sadly mistaken. It is a matter for labour relations, or workers' compensation bodies, depending on the State.

Competency levels

The preceding pages have given little more than an overview of the compliances facing small business managers, variously described by them as 'a nightmare', 'a minefield' and 'a paper-war'. However, if competency levels are to be determined by the complexity of the task, the number and variety of sources of information and the degree of independence and responsibility then, clearly, the levels required to understand and act appropriately are high. It is hard to imagine how small business managers could operate effectively with anything less than ASF Level 4 in communication competencies. (It is less clear what level of maths is involved because it is impossible to separate it from the verbal information processing.)

What this study has been forced to recognise is the fact that there are small business managers functioning with much lower levels. This is most strikingly true in the case of non-English speaking background managers with limited English. There is no data to indicate whether small businesses with NESB managers are failing at a greater rate and, even if they were, it would not be possible to make a one-to-one connection with English language skills. Certain inferences can be made, however, and these have implications for all managers with limited communication skills, irrespective of ethnic or language background.

The less independent a small business manager is when it comes to accessing and processing information, the more dependent he/she becomes on outside help. For most small businesses, a good accountant is an absolute priority, but where language or maths skills are limited in any way, the accountant becomes increasingly important. This may, in itself, become a disadvantage. Small business owners who do not keep good financial records will be forced to use their accountants for basic book-keeping and 'sorting out' instead of for professional advice and consultation such as the preparation of tax returns. This can double or treble accounting costs.

The same applies to the use of other professionals such as small business advisers and lawyers. Without a general understanding of the legislation and regulations, consultancies can be very expensive and less productive all round, however good the consultant or advisor. Basically, the less power the manager has over the information about his/her own business, the less power he/she has over the business.

To concentrate on communication problems or literacy or maths difficulties is usually to focus attention on the small business manager (or

employee) as the source of the problem. To some degree, however, the demand for high levels of communication (particularly literacy) is artificially inflated by the nature of the printed materials. Not all government departments are yet committed to the idea of producing their forms, information booklets, documents etc. in user-friendly, plain English. There is also a danger in assuming that the information needed to carry out these tasks is always available and that there is no impediment to its flow.

This issue will be taken up on the next chapter as we look at some of the actual and possible responses to the skills gap.

Chapter 5: The skills gap: What can be done for small business?

Summary

This chapter looks more closely at the perceived skills gap in small businesses and asks how this gap can best be reduced. Two broad approaches are discussed. Training, which aims to improve the competencies of small business managers and their employees, works on the principle of 'raising the floor'. Servicing, which aims to improve the information and advisory services available to small business managers, is a more pragmatic approach aimed at 'lowering the ceiling'. Both approaches seem to be needed.

The training solution looks at some of the possibilities for pre-entry and concurrent training programs, and suggests ways to make them more inclusive and flexible. The service solution examines the way government departments and instrumentalities currently meet their obligations to provide information and advice and suggests ways to improve these services to meet small business needs.

The national training agenda

The national training agenda is based on the assumption that there is a gap between the skills workers now have (including school leavers) and the skills they need for employment in the changing workplace. Australians have become used to being told that they must work smarter, not just harder, and that there is a problem with both the level and the type of skills they currently have. The people who will end up on the scrap-heap or, in the case of school-leavers, will not get off it, will be those who do not, or cannot, upgrade their skills.

Even in the gloom of the current recession, the argument is upheld. When the economy *does* turn around, we are told, people will need new skills to take up the new jobs that will come on-stream in the new Australia, so the time to prepare for them is now. (Prime Minister on ABC radio, 27 June 1992.)

Although big business may have been the initial target for implementing industry restructuring, small business is also caught up in the change and, consequently, small business managers and employees need the new skills as much as anyone. If it is true that the recovery, when it comes, will be a small business-led recovery, then the need is even greater. A serious training agenda cannot afford to leave small business out of the equation.

The training solution

The national training plan is based on a 'life-long' view of education. Although the details have yet to be worked out for the transition from school to work, we can fairly safely talk about training in terms of pre-entry and concurrent training. In order to make the point for small business, this can be further broken down in the following way:

PREPARATORY EDUCATION AND TRAINING

Employees	Managers
▪ school (post-compulsory education)	▪ general business management courses
▪ full-time vocational preparation e.g. Skillshare, New Start, Pre-vocational TAFE, other vocational training in TAFE or private colleges	▪ small business management courses
▪ mixed training and work e.g. Apprenticeships Traineeships	▪ vocationally-specific management courses e.g. salon administration fashion business management hotel management
▪ full-time bridging special skills e.g. under New Start or Migrant Education, Aboriginal Education (adult basic education, literacy, English as a second language)	

Even if the details vary (e.g. if the distinction between school and TAFE or between apprenticeships and traineeships becomes blurred or disappears), pre-entry training will obviously remain the cornerstone of vocational education and training, but the national training plan also depends on concurrent training to maintain the high level of skills needed in the rapidly changing workplace.

CONCURRENT/ON-GOING TRAINING

Employees	Managers
▪ formal, off the job e.g. TAFE private providers in-house	▪ formal, off the job, as for pre-entry
▪ information, on the job	▪ informal, on the job

This kind of model works well enough for large organisations with the resources and the infrastructure to sustain concurrent training. At the same time, it reveals the weaknesses of the scheme where small business is concerned. The fact remains that it is only at the pre-entry level for employees that small business really participates properly in training, i.e. by employing people who have under-gone training in the school system, in apprentice or trainee schemes, and/or in full-time vocational education and training in Skillshare, pre-vocational trade courses, or other full-time vocational courses in TAFE or other registered training institutions. The take-up for pre-entry management training remains very limited, and the involvement in concurrent, on-going training is almost non-existent. In other words, small business is only involved in about a quarter of the training system.

Some of the reasons for this have already been discussed. Small businesses cannot afford the time or the money to release employees for training, and managers certainly cannot afford to be away from their businesses for long periods of time; managers are generally negative about the value of off-the-job training either for themselves or their employees; training is not offered at a time or in a form which suits them; their own knowledge, skills and interests are not taken sufficiently into account, and so on. (See also Williams, 1985.) Given the reality of these barriers, it is important to maximise the training opportunities that *do* exist and to recognise that, such as they are, they will mostly occur at the pre-entry level.

Pre-entry training for employees

An inclusive approach

Since the lack of training in small business is also an equity issue, one way to tackle it may be by taking an inclusive approach. This can be done at the policy and planning level, and at the curriculum level. Committees like Finn and Mayer should routinely include small business representatives on their panels. While individual small business managers may find it difficult to participate, small business corporations and associations could well take on this function. The same is true for curriculum committees. Project teams, working parties and advisory groups should be required through their project briefs to ensure that the curriculum is responsive to the needs of small business, just as it must be responsive to occupational health and safety issues, and inclusive of gender, and disabled learners.

There are already in existence apprentice training programs which include small business management in the final year of the program because of the number of tradespeople who eventually become self-employed, or small business proprietors. It might be argued that this will have little effect. Newly accredited tradespeople rarely go straight into their own businesses. On the other hand, there may be a trickle-up effect. The SA Retail Industry Training Council has had feedback on this phenomena —unfortunately in a negative way, from managers complaining that the trainees knew too much and were now trying to tell them how to do their jobs!

Arguing for inclusiveness for small business may seem a fairly superficial approach, but it should be noted that it was the small business representatives on the advisory group of this project who stressed the importance of compliances in this study. This, in turn, has led to a rather unusual but extremely important application of competencies, and a test-case for the Mayer framework. It has also raised one of the original key areas of the Finn Review into prominence—namely, cultural understanding.

Compliances and cultural awareness

Looking at compliances has focussed attention on some of the cultural underpinnings of employment in Australia, in particular, the assumptions about the political and legal structures which affect all employees and employers, including the self-employed. Since is has not been included among the key competency strands in the Mayer framework, there is a danger that it may become lost or at least be understated in discussions about curriculum in post-compulsory schooling. The study of

compliances indicates that there is a strong case for re-instating it but not, of course, for this narrow reason alone. The study of compliances has simply pointed out how critical cultural understanding is to participation in society as a whole, and in the workplace in particular.

Three cultural layers

In terms of legal–political systems, cultural awareness in the workforce takes effect in three interacting layers. To begin with, there is a general layer of awareness which derives from the cultural background to work in this country. It can be seen as the deep structure. It covers the social and political values, systems and structures which are expressed in the broad legal relationships between employers and employees, in the role of unions, arbitration, the wages system, rights and responsibilities, the merit principle, the work ethic, and so on. It is the sort of understanding that might be gained from such curriculum areas as Australian studies, Australian history, legal studies or civics.

The second layer includes those legal–political aspects which are common to all areas of employment—taxation, occupational health and safety, workers' compensation, labour and employment law, general duty of care, contract law, consumer law, equal opportunity and anti-discrimination legislation, and sexual harassment. The third tier covers the special applications of law in particular vocational areas; for example, legal requirements and controls in bar and waiting, Trade Practices applications in retailing, hazardous chemicals in rural practice, and legal liabilities in electrical contracting.

A quick survey of TAFE training courses suggests that while the third level (i.e. special applications in particular vocational areas) is generally covered in curriculum, the second and first levels receive much less attention. Except for occupational health and safety, the general second layer is usually not found in courses other than Business Studies or Small Business Management, and, unless the course is devoted to aspects of the law (e.g. Business Law, The Law and You, Welfare Law, WA Employment Law), there is little evidence of a more general exploration of the cultural background of the legal system.

Whenever there is talk of adding new areas to curriculum, there are cries of protest. The 'crowded curriculum' is a real problem, both in secondary and tertiary education. Nevertheless, this study of compliances in small business suggests that there are good reasons for re-thinking the role of cultural understanding and legal awareness in post-compulsory education, and for ensuring that it is given sufficient prominence across the curriculum.

Management training

While there may be a need for some changes to the curriculum content of management training for small business (e.g. to ensure that compliances are adequately covered, or that there is a broad enough view of communications or maths), it seems that course designers generally know what to include in their courses. If they do not, the Small Business Competency Standard Body should soon be able to provide the kind of detailed breakdown necessary. The problem is not so much with content, but with delivery. What is needed is flexibility in delivery and good marketing strategies.

Flexible delivery

Well-researched and well-presented training packages can be adapted for several uses. The course offered by the Small Business Training Centre at

Adelaide College of TAFE is a case in point. It was originally developed as a self-paced external studies program in thirteen, relatively short modules. The materials are also presented in relatively simple (plain) English—certainly not beyond the level needed for independent survival in the business world. The course is supported by a telephone tutor service with free 008 calls for country and interstate clients.

Recently, the course has been used as the training component for small business intenders under the NEIS program (New Enterprise Incentive Scheme). In order to qualify for continuing support, applicants must complete the course (approximately one month of full-time study undertaken under supervision at the Training Centre) and prepare a business plan. The CES has also funded some individuals to take the course.

The same program is also being used by a group of visiting Indonesian poly-technic business studies lecturers undergoing special training in Australia. These students attend the Small Business Training Centre and work through the course under supervision, like the NEIS applicants. This suggests other uses for the course, i.e. with newly-arrived migrants under the Business Migration Scheme, or with other non-English speaking background migrants who decide, after a period of residence, to start-up their own businesses. (Indeed, some have already been referred to the course by a NEIS Managing Agent specialising in migrant referrals.)

For this to happen on a more widespread basis, however, more thought must be given to the needs of migrants with poor English or literacy levels, particularly how they might be supported with additional language and/or literacy and, possibly, maths tuition.

The same is true for attendance courses. The TAFE sector has collaborated with the Australian Taxation Office in an Australia-wide venture to prepare and present a special four-hour tax course for small business. It has been well publicised, including the placement of a full-page advertisement in the Tax Pack. Not surprisingly, however, it is an information-dense course, and personal experience indicates that it attracts high-powered, confident, experienced small business managers. In a group of 16 who attended the course in Adelaide, only one was from a non-English speaking background, and that particular person was an older Swiss migrant with international connections and native-like proficiency in English.

The pace of the course alone would have alienated anyone with less than native-like English, and the assumed entry-level competencies and background knowledge would also have made this course inaccessible to many people, especially small business intenders without previous business experience. At least three, and probably four of the ten managers from the case study businesses would have been unable to cope with this course as presented. To increase the target group, such courses need to be offered over a longer period, perhaps two or three nights (8-12 hours). They might also need to be presented by a teaching team, i.e. an accountant plus a support English Second Language or literacy teacher.

Special, flexible arrangements could also be made for isolated and rural groups, and for Aboriginal students, especially when these needs categories are combined (e.g. rural NESB, isolated Aboriginals, etc.). The Tax Office might also want to consider working with other training and

community agencies, such as The Adult Migrant Education Service, community education providers or ethnic support groups such as The Indo-Chinese Refugees Association. The possibilities for courses of this type are almost unlimited—provided thought is now given to marketing and delivery which is targeted at special needs groups.

Concurrent training

Flexibility also has to be the key for small business employers and employees if there is to be any improvement in the uptake of concurrent training. In Williams (1985) research, 53% of small business managers in the survey group expressed a preference for evening courses, two hours per night, one night a week for several weeks. Only 17% wanted day-time courses (an option often preferred by big business), 7% preferred full weekend courses, but only 3% wanted Saturdays only, and 1% Sundays only.

What must be remembered, however, is that there is no single solution to the problem of delivery. On the other hand, pulling out all the stops at once may simply prove wasteful. One private training provider put together a small business training package with materials in printed form, on video-cassette and on audio-cassette, and sent it out for trialing. Feedback from the trial group indicated that the printed materials and the video had not been used: the managers were too busy to read or watch them. They had, however, used the audio-cassettes. They had put them into their car radio-cassette players and listened to them while travelling to and from work, and between jobs.

The service solution

Focussing on small business brings home the message loud and clear that planning to solve the skills gap by training alone is not a sufficient solution. Focussing on compliances forces attention on to a particular aspect of that gap—the information gap—because with compliances the required knowledge base is so extensive. The reality of small business forces us to concede that, as well as raising the floor, we will also have to look for ways to lower the ceiling.

Problems with printed information

At the present time, government departments and instrumentalities are largely dependent on printed information to get their messages across. Judging by the information collected during this project, there is still a long way to go before we can confidently say that all information produced by government offices is user-friendly, or even that it is in Plain English. On the other hand, some of this printed information is of high quality and attractively presented. In some cases, there are separate pamphlets for employers and employees. The very fact that it *is* printed, however, immediately puts it out of the reach of many workers, self-employed people and managers, especially those from non-English speaking backgrounds and/or with low literacy levels in English.

This problem has received considerable government attention in recent years, and English language and literacy classes in the workplace have been vigorously promoted using special DEET grants and Training Guarantee funds. But the very fact that the effort has been directed into *training* with its high costs and logistics problems means that small business is excluded from the scheme. It is a very clear example of a scheme which works well for big business and the public sector, but which cannot be applied in its present form to small business.

Whether translation is the answer is also doubtful. Many NESB employees with literacy problems in English also have difficulties with first language literacy. Nevertheless, it is quite ironic that, while Occupational Health and Safety legislation requires employers to provide Occupational Health and Safety information to their employees in a language they can reasonably be expected to understand, the same pressure does not seem to be applied to Occupational Health and Safety Commissions or the Workers Compensation Commissions themselves, especially when it comes to communicating with employers. In fairness, however, it must be said that Occupational Health and Safety Commissions are, at least, attempting to make contact with the NESB workforce. The Australian Taxation Office, having produced its Tax Pack in a number of other languages in 1990/91, withdrew the service in 1991/92.

In any case, simply producing printed information, translated or not, is not the answer for small businesses. It may be that many small business managers are not training-oriented because they are not print-oriented. When it comes to regulation and control, the disposition to engage with print is a bureaucratic disposition, and possibly an educator's disposition. If we invest all our resources in print, then we may be using the method which we prefer as bureaucrats and educators or trainers, not the method which employers and workers prefer. A number of the case study business managers complained about 'the paper chase' and 'having to wade through great piles of paper to find one little bit of information'. Comprehensive printed statements may be a bureaucratic solution, but it is not what small business wants.

Even for those managers who *are* print-oriented the information may remain out of reach. Asking to have information sent out does not guarantee that you will get everything that is available, or exactly the bits you want. In the experience of this project, to be sure of getting the information you needed, you really had to go and get it for yourself. This meant going in person to all the different departments and instrumentalities which hold the information. No department holds information for any other department. It also assumes that you know the name of the department or instrumentality you are looking for—or might be looking for. Under these circumstances, the case of a one-stop shop is particularly attractive.

One of the salutary experiences of this project was the frustration of trying to find out where to go or where to send for information. The most common starting point for this kind of search is usually the telephone directory with its listing of government departments. The current listings are not only 'horrendous' (to quote one case study manager), they are also sometimes inaccurate and out-of-date. A number of our written requests for information were returned 'Not at this address'—which we can only hope also explains those to which we had no reply at all.

Telephone information services

Solving the problems of print-based information may not, in the end, make much difference to small business. What the case study small business managers really wanted was good telephone information. 'Just one telephone number' they could use for everything was the ideal, but they acknowledged that this was unrealistic, especially given the problems with existing services. Finding the number was just the beginning. Being put on a telephone queue was a common complaint: it

was bad enough being told there might be a two-hour wait, but even worse not knowing how long you might have to wait, especially when you had a shop full of customers to attend to.

Then, of course, there was 'the run-around'—being passed from one person to another and still not getting the information you needed. Inconsistency was another problem—being told, "No, that's not right. You should have asked for me in the first place." (If only you could have!) A joke currently doing the rounds with tax accountants says that, if you want a ruling from the ATO, you ring up for one. If you don't like the ruling you get, you hang up and ring again. (You will invariably get a different officer.) You go on doing this until you get the answer you want, then you ask for it in writing.

One of the urban myths perhaps, but typical of the anecdotes that abound. Hostility to government and, particularly, to bureaucracies is part of the small business culture. As one advisor from a State Small Business Corporation put it: "Small business is a very suspicious animal."

For all their complaints and jokes, it is better telephone services that small business managers want, not better print. This also means better directory services, though as Telecom is quick to point out, the directory can only be as good as the information that is given by the various departments. Better telephone services might also mean more flexible services operating for longer periods—before or after trading hours perhaps, or boosted at certain times of the day.

Use of resources

Limited though this study has been, it certainly calls into question the wisdom of putting huge amounts of money year after year into printed information at the expense of other types of information services. It also suggests that some of the training effort might well be directed at the departmental officers who pass on this information to make sure they are well-informed themselves and have the necessary information-processing competencies (especially collecting, analysing and expressing it). Money going into translation might also be better directed into telephone interpreter services and into training departmental officers in the use of the TIS.

There also seems to be a degree of duplication of effort across States. While it is acknowledged that there are some differences between States in the *letter* of the laws about Occupational Health and Safety, Workers Compensation and Labour and Industrial Law, the *spirit* of the legislation is the same. This is also true for the kind of advice given by the various State-sponsored small business corporations and centres. It seems an enormous waste of resources to have all this information being produced and reproduced separately in all States when so much of it could be pooled. After all, it is the general meaning and structure of legislation which is important as a rule, not the details.

Advisory centres

One of the disappointments of this project was to discover good ideas and services going to waste (or, at least, not being fully utilised) because the small business public did not know they existed. The Small Business Advisory Service at the Australian Taxation Office in Adelaide was a good example of lost opportunity. None of the ten case study businesses had heard of it, and nor had any of our contacts outside the inner circle of trainers, advisors and associations who specialise in small business. The question that must be asked is—*how* can small business managers

know about these services?

With income tax, anyone who has a query about the Child Support Agency, Fringe Benefits Tax, HECS, PAYE, Prescribed Payments Scheme, Sales Tax or Training Guarantee can ring a special number listed in the telephone directory, with free calls for country residents. For the second year in a row, however, the Small Business Advisory Service in South Australia had been left out of the phone book listing because nobody had though to include it among the numbers to be listed. The Tax Pack is also an opportunity for advertising the service. The Tax Course with TAFE is advertised, but not the Advisory Service. The same is true of the ATO's package 'A Guide to Small Business Taxation', an extremely useful collection of material, but not well-marketed.

Telephone bulletin boards were another unlisted service. The Department of Labour and the Corporate Affairs Commission in South Australia both had recorded telephone information updated regularly with news about awards, trading hours, reminders to employers about important 'returns', records to be kept, changes to legislation, new codes of practice etc., but the only way to find out about the service was to get caught on a telephone queue and to hear about it while you waited. (If you were impatient or had no time to wait, you would probably never know the service existed.)

The small business advisor at the Indo-Chinese Refugees Association did not know of the existence of the ATO Small Business Advisory Service or the Small Business Corporation. TAFE literacy lecturers in the Riverland who frequently help local Vietnamese fruit growers with compliances such as taxation had never seen the multi-lingual Tax Packs. They were astonished that these bilingual Tax Packs were being withdrawn: they had been wanting such a service for years. Such instances beg certain questions. Is it enough to provide material (even multilingual material), give advice, answer questions, or speak to groups on request? Or does a public education role require a more pro-active service which goes out and finds the areas of greatest need and then establishes links with community networks?

Williams (1985) argued that small business centres should provide a number of services—training, education, research, counselling and consulting, liaison and co-ordination, and public relations. The findings of this project would certainly support his view. In addition, however, a plea could be made for the State-sponsored small business centres and Corporations to take on an information resources role, i.e. to act as a collection and dispersal point for all the various pamphlets, brochures, etc. produced for businesses by the various Commonwealth and State departments and instrumentalities. This would move the goal of a 'one-stop-shop' a little closer.

There is a strong need for co-ordination of information from government departments and other sources. One manager complained that as far as government information was concerned . . ."nobody volunteers anything. They certainly don't tell you about any other department." Another said, "It's like they've got it all in the can, but they're not going to give you the can-opener." Large one-stop-shops in capital cities may meet the needs of small business in the central business district but, in the experience of the Northern Adelaide Development Board, small business responds best to a locally co-ordinated approach backed up by personalised mentor services,

especially in start-up schemes. Small business is, after all, *local* business, and it should not come as a surprise to find that the best solutions to local small business problems will be local solutions.

A two-way street

This chapter has sounded a caution about assuming that the best way to improve access to information is by improving the skills of individuals. Access is a two-way street, and if the information is not innately appealing or perceived to be of immediate importance and relevance, then it is unreasonable and impractical to put the onus for improvement on the individual worker or employer. Responsibility for improving *access to* information must also be seen as responsibility for improving the *accessibility of* information. It then becomes clear that the initiative for change must also come from those who currently own and disseminate the information. Although this has been highlighted by the needs and problems of small business, it is, of course, true for all employers and all employees, regardless of the size or type of the enterprise.

Chapter 6: Summary and recommendations

Vocational education and training

Looking at the question of employment-related key competencies against a backdrop of small business has proved a valuable exercise. It has indicated that application of the Mayer framework will need to make greater allowance for the complexity of communications and maths competencies, especially as they interact with other competencies in the day-to-day tasks of real jobs. There also seem to be limitations in the area of the communications needed for client/customer relations and in the communications, mathematics and cultural understandings needed for full participation both within the legal framework of the workforce and outside it, as a fully-functioning citizen.

There are also concerns about the *use* of the framework in its present form. Because competencies are essentially about what people can actually *do* on the job, and about the *level* at which they operate, it is not difficult to see how a framework designed to support curriculum development might be turned to other uses. With a virtual vacuum in the area of competency-based assessment, for example, there is potential for the misuse of any framework or model which seems to offer a means of measuring the performance levels of individual learners or workers. If the framework is to become the basis of assessment, then specific development will be needed for this purpose.

Despite these problems, the key competency framework is consistent with the views of employers on the need for a strong *general* educational base to underpin vocationally-specific competencies. If this is true for the post-compulsory years of secondary education, then it must also be true for all types of education and training. If education needs to be made more vocationally relevant, then vocational training also needs to include opportunities for the further development of generic skills and key competencies.

Action on Recommendations 1-3 is seen to be the responsibility of a number of bodies, namely AEC/MOVEET, ANTA and ACTRAC.

Recommendation 1

The Mayer key competencies framework should be developed further to ensure that:

- it is sensitive to the needs of small business
- it allows the underpinning cultural knowledge to be made explicit through the strands
- it includes the communication competencies needed for client/customer relations
- it includes the communications and maths competencies needed to participate fully in legal–political life, i.e. to exercise rights and responsibilities as a citizen and as a member of the workforce.

This has particular implications for the types of literacy and maths which will subsequently be developed through curriculum: in particular, document literacy, literacy for understanding legal and bureaucratic texts, maths and literacy for personal and worklife management.

Recommendation 2 Guidelines should be developed immediately to direct the possible uses of the key competency framework and to pre-empt its misuse, including its possible misuse as an assessment instrument. Specific development will be needed before this can occur.

Recommendation 3 Guidelines should be developed for vocational educational and training curricula to ensure that they are:

- responsive to the various elements of the key competencies framework (once finalised and approved)
- sensitive to the needs of small business
- inclusive of learners from other cultural and language backgrounds.

These guidelines should draw attention both to the assumptions underpinning entry competencies and the competencies to be developed through the curriculum.

Small business management training

The scope of this project did not allow for any detailed or systematic analysis of small business management training. In any case, there have already been studies devoted to this issue (particularly the study by the Bureau of Industry Economics). Furthermore, it will be more appropriate to review the question of training after the Small Business Management Competency Standards have been finalised and approved. Nevertheless, focusing on key competencies in small business has raised the issue of *delivery* of small business training, especially for managers who have problems with English language and/or literacy.

Action on Recommendations 4 and 5 is seen to be the responsibility of all providers of small business management training, both in the private and public sectors. To ensure that this happens, however, pressure will need to be brought to bear from agencies such as the State Chambers of Commerce and Industry and the Australian Small Business Association. ACTRAC should also ensure that accredited curricula for small business training are inclusive and carry specific references to delivery modes.

Recommendation 4 Small business management training and delivery should be structured to ensure that it is flexible, adaptable and responsive to the needs of a wide range of business managers, in particular, managers who are:

- from other cultural and language backgrounds
- unable to participate fully in predominantly print-based learning programs
- unable to participate fully in formal learning arrangements
- isolated from other learners and learning support systems

Recommendation 5 Marketing strategies should be developed to increase the penetration of small business management training into groups with special learning needs and/or currently under-represented in learning arrangements.

Government departments and instrumentalities

Focussing on compliance has drawn attention to a particular application of key competencies. In particular, it has highlighted the need to develop skills associated with independent living and personal management that extend far beyond the confines of any one workplace—skills which are ultimately related to the exercise of legal rights and responsibilities across many aspects of adult life. In fact, it can be said that complying with government regulations in the workplace (and beyond) calls on all the Mayer key areas for managers, and most of them for employees. This

will become increasingly important as more independence and self-reliance is demanded of people in the various types of compliance.

The problem with looking at compliances simply in terms of what is currently *required* (or even predictable) is that it does not really recognise the reality of small business managers or employees who do not currently have these competencies and who are unlikely to develop them to the level required. Under these circumstances, it is not enough simply to promote training as the answer to the skills gaps. Government departments and instrumentalities need to give more thought to providing information services for users whose skills were shaped in a different language or culture—e.g. the print-shy, or those from non-English speaking or Aboriginal backgrounds—indeed, any user for whom the bureaucracy and its reliance on print is remote and bewildering.

It is time to question the wisdom of channelling so many resources into print-based information when it is inaccessible to so many Australians. As with small business management training, the chief concern is for *flexible delivery* that meets the needs of all those who must use the information.

Recommendation 6

Government departments and instrumentalities which require compliance with conditions laid down in legislation should accept a primary responsibility for ensuring that information about those compliances is accessible to all employers and employees. In particular, this means setting up and maintaining information and advisory services which are:

- advertised and marketed appropriately
- responsive to local needs and conditions
- responsive to the need for strategic, personalised information and advice by telephone
- sensitive to the needs of users who are limited in their ability to access printed information
- pro-active in community education, in particular, targeting community groups with special needs (e.g. ethnic support groups, rural organisations).

Recommendation 7

State government departments involved in similar employment legislation should co-operate to share resources, particularly printed information, to reduce duplication and costs.

State-sponsored small business corporations and centres

The theme of accessibility of information and flexibility of delivery is also followed through in the references to government-funded advisory services. It would be quite unrealistic to suggest that any one organisation, however well-funded and well-resourced, could possibly meet all the information needs of small business managers. However, the findings of this project suggest that government-funded advisory services could go further in providing the one-stop shop so often requested by small business managers. It also seems extraordinary that licence centres are, as yet, only found in three States.

On the other hand, it could be argued that the call for a one-stop shop is a simplification of the real need. To concentrate all the advisory resources into only centre per state seems an inadequate response, especially when small business needs are so closely related to local conditions. What is needed is an adequate geographic distribution of centres, relative to local expectations and needs.

Recommendation 8 State-sponsored small business corporations and centres should expand their information services. This need not involve them in developing new resources (particularly printed information) but should be based on agreements to:

- collect, display and distribute the information currently provided by the various State and Commonwealth Government departments and instrumentalities. This is not meant to replace the current individual department collections but should act as a significant step towards the one-stop-shop approach
- share resources between States

Recommendation 9 State Government departments responsible for small business should further investigate successful community-based development programs for small business with a view to de-centralising services and making them more responsive to local needs.

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Consultations

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(Note: Consultations outside SA were conducted by telephone interview.)

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